



FRAUD PREVENTION
SDPD Neighborhood Policing Resource Team
April 15, 2013

CONTENTS

TELEMARKETING AND OTHER PHONE FRAUD
INTERNET FRAUD

E-mail Scams
Online Shopping Frauds

OTHER SCAMS

Additional Veterans Benefits
Appeals for Help
Auto Loan Modification
Bankruptcy Foreclosure Rescue
Cash-Back Scams
Charity Scams
Checks from Unknown Parties
Check Washing
Credit Repair
Debt Settlement
Dishonest Tax Return Preparers
Earned Income Tax Credit
Ecclesiastical Crime
Empty Box Bargains
Fraudulent Checks
Fraudulent Locksmiths
Free Airline Tickets
Free Samples
Gift Card Stripping
Green Dot MoneyPaks
Green Energy Conservation
Health Insurance Fraud
High-Pressure Home Solicitation Sales
High-Pressure Sales of Financial Products at Free-Meal Seminars
Immigration Services
Investment Opportunities
Job Offers
Land Investment Fraud
Landlord Impersonation
Mail Fraud
Medicare Enrollment Fraud
Medicare and Medi-Cal Services Fraud
Phantom Loans
Post-Foreclosure Solicitations
Predatory Insurance Sales Practices
Prize Notification and Lotteries
Property Tax Relief

Reverse Mortgages
Short Sales of Homes
Tax Debt Relief
Third-Party Telephone Bill Charges
Timeshare Transactions
Unclaimed Funds
Unlicensed Payday Lenders
Unscrupulous Contractors

This paper contains tips for preventing telemarketing and other phone fraud, Internet fraud, and other scams. Additional tips on cyber security, identity theft prevention, personal safety and security, home and vehicle security, vacation safety and security, senior and child safety and security, and preventing crimes against businesses can be found on the prevention tips page of the SDPD website at www.sandiego.gov/police/services/prevention/tips/index.shtml.

TELEMARKETING AND OTHER PHONE FRAUD

Callers claiming to represent everyone from police officers to the disabled take advantage of the public's sympathy and generosity to the tune of billions of dollars each year. They also offer miracle cures for everything from baldness to cancer, vacation time shares, sweepstakes prizes, chances to earn enormous profits from no-risk, high-yield business and investment opportunities, etc. Be suspicious of all solicitors, especially if the caller:

- Says you've won a prize or lottery but asks you to send money first or provide bank account information.
- Says you've won a gift card at a local store and have to come in and pick it up right away. When you leave your home is burglarized. Call the store to verify the prize. And make sure your home is secure.
- Says you have to act right away. Remember, if it's a good deal today it will still be a good deal tomorrow. Don't let anyone rush you into signing anything.
- Fails to identify the sponsor, uses a variation of an official or nationally-recognized name, e.g., Salvation League instead of Salvation Army.
- Offers to have someone pick up a cash payment from your home.
- Says he or she is a law enforcement officer who will help you for a fee.
- Requires you to attend a sales meeting.
- Directs you to dial a pay-per-call **900** number.
- Directs you to a strange area code, e.g., **876** which is Jamaica. In addition to soliciting money and personal information, these calls can be expensive with the cost being split between the phone company and the number owner. So the longer you talk, the more money the number owner gets. So never call back a number with an area code you don't recognize. You can get area-code locations online, e.g., at www.areacodelocations.info/areacodelist.html.
- Delays the delivery of a product or prize, etc.
- Says he or she is calling from the Security and Fraud Department of your credit- or debit-card company and asks you for the 3-digit security number on the back of your credit card to verify your possession of the card to aid it in a fraud investigation.
- Says that Medicare now requires a National ID Card and offers to provide one for a fee.
- Says he or she is a U.S. Food and Drug Administration (FDA) agent or official and that you must pay a fine because you have bought or attempted to buy discounted prescription drugs from a foreign pharmacy. Report such calls to the FDA Office of Criminal Investigations at **(800) 521-5783**.
- Says he or she is calling from Microsoft or some legitimate company to warn you that your computer has a security problem and offer a free security check. You may then be tricked into allowing access to your computer, downloading malware, i.e., malicious software of all kinds, giving out credit card information, or buying some software or services that you don't need. If you fall for this scam you should change all your computer and financial institution passwords, scan your computer for malware, and contact your bank and credit card providers.
- Says he or she is calling from the San Diego County Registrar of Voters and asks for your Social Security Number (SSN) to confirm that you are registered.

- Directs you to call an unfamiliar phone number, says you are the respondent in a lawsuit, and have 48 hours to respond. It also says that a restraining order had been issued as part of the proceeding. Don't call the number. Google it to see if it is a legitimate business or the source of threatening phone calls. In the former, the most likely search result would be the website of the business or possibly a website describing that business. In the latter, you might find websites where individuals post harassing, threatening and scamming phone calls that they receive. While the results may not be definitive, you will likely get some idea as to the legitimacy of the source.

Hang up immediately if the caller is rude or threatening. And report any threatening calls to the SDPD on its non-emergency number, **(619) 531-2000** or **(858) 484-3154**.

The following tips will help you resist these criminal appeals.

- Never give your credit or debit card, checking account, Social Security or Medicare number, or any personal information to an unknown caller. Just say "no" and hang up on anyone who asks for personal information. Don't ever assume a friendly voice belongs to a friend.
- Never give out the 3-digit security number on the back of your credit or debit card unless you have initiated a card purchase and the seller asks for it to verify your possession of the card.
- Ask a charity to send written information about its finances and programs before making any commitments.
- Call the Better Business Bureau (BBB) of San Diego County at **(858) 496-2131** to check on any unsolicited offers. Or visit its website at **www.sandiego.bbb.org** to see whether the business is accredited. And for any business you can check its rating, reason for the rating, the number of closed complaints in five categories, and since May 2012, detailed information on consumer complaints, the responses a business made to the complaint, and subsequent correspondence between the consumer, the business, and the BBB. (The names of consumers who complain will still be kept confidential.) The BBB's website also has general consumer information and tips on avoiding various types of fraud.
- For additional information contact the Federal Trade Commission (FTC) Consumer Response Center at **(877) 382-4357** and **www.ftc.gov**, Federal Communications Commission Consumer Center at **(888) 225-5322** and **www.fcc.gov/ccb/consumer_news/**, and California Department of Consumer Affairs Consumer Information Center at **(800) 952-5210** and **www.dca.ca.gov/consumer/cic**.
- Call the Health Insurance Counseling and Advocacy Program's Senior Medicare Patrol (HICAP/SMP) at **(800) 434-0222** to check on any solicitations regarding Medicare.

And be sure to list your home and mobile phone numbers free on the National Do Not Call Registry to reduce pre-approved credit offers and telemarketing calls. Call **(888) 382-1222** or register online at **www.donotcall.gov**. Telemarketers check the registry every 31 days so it may take that long before your numbers are removed from their call lists. This should stop all but exempt calls from charities, political organizations, survey companies, and companies you have dealt with recently or signed a contract with that includes permission to call you. If telemarketers ignore the fact that your numbers are on the registry you can report them at the above number or website and sue them for violating your rights. For this you'll need to keep a record of their names and the dates of the calls. If you receive non-exempt recorded telemarketing solicitations known as robocalls, now banned by the FTC, you can file a complaint with the commission online at **www.ftc.gov** or by phone at **(877) 382-4357**.

INTERNET FRAUD

In 2011 the Internet Crime Complaint Center (IC3) received more than 314,000 complaints on its website and referred about half to law enforcement agencies for further consideration. About 37 percent of these complaints reported financial losses. The total adjusted loss from these was about \$485 million. You may be at risk if you answer "yes" to any of the following questions:

- Do you visit websites by clicking on links within an e-mail?
- Do you reply to e-mails from persons or businesses you are not familiar with?
- Have you received packages to hold or ship to someone you met on the Internet?
- Have you been asked to cash checks and wire funds to someone you met on the Internet?

- Would you cash checks or money orders received through an Internet transaction without first confirming their legitimacy?
- Would you provide your personal banking information in response to an e-mail notification?

If you become a victim of Internet fraud or receive any suspicious e-mails you should file a complaint with the IC3 at **www.ic3.gov**. Its website also includes press releases on the latest scams and other Internet dangers, and tips to assist you avoiding a variety of Internet frauds. You should also contact your e-mail provider. Most keep track of scams. Send your provider the suspicious message header and complete text. For more information on Internet fraud visit **www.LooksTooGoodToBeTrue.com**.

The following material deals with two kinds on Internet fraud: e-mail scams, and online shopping frauds.

E-mail Scams

Cybercriminals use e-mail in many clever ways to try to take your money and identity, and disrupt your computer operation, gather sensitive information, or gain unauthorized access to your computer. To protect your assets and computer you should never reply, click on any links, or open any attachments of e-mails that offer great bargains or something that's not legal. And if you don't recognize the sender, you should delete the e-mail without even opening it. Be especially suspicious about the following:

- Business opportunities to make money with little effort or cash outlay
- Offers to sell lists of e-mail addresses or software
- Chain letters involving money
- Work-at-home schemes
- Health and diet claims of scientific breakthroughs, miraculous cures, etc.
- Get-rich-quick schemes
- Free goods offered to fee-paying group members
- Investments promising high rates of return with no risk
- Kits to unscramble cable TV signals
- Guaranteed loans or credit on easy terms
- Credit repair schemes
- Vacation prize promotions
- Special offers that require a credit check and a small fee for verification expenses to be paid by a credit or debit card
- Notices of prize or lottery winnings that require you to pay a fee to cover expenses
- Requests for personal or financial information

Regarding the latter, cybercriminals often pose as government agencies or financial institutions that you normally deal with. Remember that government agencies never send important things by e-mail, and your financial institutions already have your personal information. If you suspect something might be a scam, check it out on Hoaxslayer at **www.hoax-slayer.com**. This website is devoted to debunking e-mail hoaxes and exposing Internet scams. It is constantly increasing its compiled list of scams.

Online Shopping Frauds

Do not use a debit card when shopping online, especially on an unfamiliar website. If something goes wrong your bank account can be emptied quickly without your knowledge. This can result in overdrafts, fees, and an inability to pay your bills. Even if your bank offers a fraud guarantee it is not obligated to restore your funds for at least two weeks while it investigates. If have to use a debit card, use one that is reloadable. Then you only risk the amount you put on the card if something goes wrong.

If you use a credit card the federal Fair Credit Billing Act limits your liability to \$50 for any unauthorized or fraudulent charges made before you report the billing error. To protect yourself you need to do the following:

- Write to your credit card company within 60 days after the date of the statement with the error and tell it your name and account number, that your bill contains an error and why it is wrong, and the date and amount of the error.
- Pay all other charges. You do not need to pay the disputed amounts.

Consumers should be aware that if a deal looks too good to be true, it probably is. In one scam the victim located a car on the Auto Trader website and contacted the seller directly by e-mail. He was told that the car would be shipped to him for inspection and approval if he wired the money to a bank account where it would be held in escrow. He wired the money but the car never arrived. To prevent this kind of scam consumers need to be diligent in verifying all the parties involved in the purchase by phone calls, face-to-face meetings, etc. In a similar case the consumer asked to see the car before wiring any money. The scammer ended all contacts at that point.

Another example involved a Craigslist ad for a vacation apartment rental in New York City. The renter was told he had to act fast and wire the money or he'd lose out on this good deal. All three elements of a typical scam were present in this case: (1) act fast or lose the deal, (2) wire the money, and (3) a price that was too good to be true. Scammers also use Craigslist and other websites to advertise rentals in your area. They will make a duplicate of a legitimate ad but with a much lower price and a different contact number. They will ask for cash upfront without showing the property or ask you to fill out an application with your SSN or other personal information. These are signs of the scam.

Online scams also promise great deals on airline tickets, timeshare properties, and vacation packages. The biggest red flag is when payment is requested by a wire transfer. It's difficult to track these transfers and almost impossible to get a refund. Check out the company offering the deal before making a purchase. If it and the deal appear to be legitimate, pay by credit card and not by wire. Then if the deal turns out to be fraudulent, you can dispute the charges as indicated above.

OTHER SCAMS

This section contains tips on recognizing and avoiding scams involving additional veterans benefits, appeals for help, auto loan modification, bankruptcy foreclosure rescue, cash-back, charities, checks from unknown parties, check washing, credit repair, debt settlement, dishonest tax return preparers, earned income tax credit, ecclesiastical crime, empty box bargains, fraudulent checks, fraudulent locksmiths, free airline tickets, free samples, gift card stripping, Green Dot MoneyPaks, green energy conservation, health insurance fraud, high-pressure home solicitation sales, high-pressure sales of financial products at free-meal seminars, immigration services, investment opportunities, job offers, land investment fraud, landlord impersonation, mail fraud, Medicare enrollment fraud, Medicare and Medi-Cal services fraud, phantom loans, post-foreclosure solicitations, predatory insurance sales practices, prize notification and lotteries, property tax relief, reverse mortgages, short sales of homes, tax debt relief, third-party telephone bill charges, timeshare transactions, unclaimed funds, unlicensed payday lenders, and unscrupulous contractors.

Information on preventing these and many other scams is available at no cost from the California Department of Consumer Affairs. A complete list of its publications is online at www.dca.ca.gov/publications/index. They can be viewed online or ordered by calling (866) 320-8652. Additional information about protecting yourself from fraud and identity theft is available on www.STOPFRAUD.gov, the website of the Federal Financial Fraud Enforcement Task Force established in 2009 to improve federal and state government efforts to investigate and prosecute significant financial crimes, and to recover their victim's losses.

Also, any San Diego resident over the age of 60 can obtain free legal advice on recouping money lost to scams by calling Elder Law & Advocacy at (858) 565-1392. This state- and county-funded nonprofit corporation provides no-cost routine legal services to seniors and caregivers of seniors.

Additional Veterans Benefits

In this scam unscrupulous investment sales agents promise older veterans that they can get them additional benefits by overhauling their investments. This usually involves the transfer of a veteran's retirement assets to an irrevocable trust to make the family appear impoverished so the veteran can qualify for a pension and related

programs that pay additional benefits for everyday living expenses. The investments are either completely bogus, in which case the veteran loses all his or her assets, inappropriate for older retirees, or ones that generate a high commission for the agent. While the Veterans Administration does not examine veterans' asset histories for determining pension eligibility, Medicaid does and its benefits can be jeopardized by such asset transfers. Veterans can avoid this scam by doing the following:

- Don't be fooled by agents who say they represent official-sounding veterans' organizations.
- Be wary of sales pitches made at free-meal seminars sponsored by nursing homes, community centers, assisted-living facilities, etc. They often receive a fee to let sales people make so-called educational presentations. (See the section on high-pressure sales of financial products at free-meal seminars above.)
- Contact the California Department of Veterans Affairs at **(800) 952-5626** for official information about veterans benefits. Or see an overview of the benefits administered by the Department at **www.cdva.ca.gov/VetService/Overview.aspx**.
- Contact the Financial Services Division of the California Department of Corporations at **(866) 275-2677** to find out if the sales agent is licensed. Or get license information directly at **www.corp.ca.gov/FSD/Licensees**.

Veterans should also avoid dealing with companies that offer cash in exchange for an assignment of future benefit and pension payments. While these pension buyouts and quick-cash loans are not necessarily illegal, the U.S. Department of Veterans Affairs calls these offers "financial scams" that take advantage of desperate veterans who may be down on their luck and need quick cash. The buyouts typically pay only a fraction of a veteran's actual entitlement over time, about 30 to 40 cents on the dollar. And on loans, interest rates may exceed 30 percent.

Appeals for Help

This scam usually involves a call for help from a person claiming to be a family member, e.g., a grandson, who says he's been arrested or hospitalized in a foreign country and needs cash quickly in the form of a money-wire transfer but is afraid to call his parents. Grandparents are often targeted. Scammers get the names of family members from obituaries or social networking sites on the Internet. They also use these sites to learn about foreign travel by family members. You can protect yourself by doing the following:

- Listen to the caller and take notes, including the person's called ID.
- If a caller says he's your grandson, ask which one. But don't provide a name. Most scammers will hang up.
- Ask a question that only your grandson would be able to answer correctly.
- Confirm your grandson's location and identity by saying you will return his call at his home or on his cell phone, but don't ask for the numbers. Get them from a trusted family member.
- If the call involves an arrest, contact the U.S. Embassy in the country involved and ask for assistance and verification of the arrest.
- Never provide bank account, credit-card, or debit-card numbers to any caller.
- Be very suspicious of any requests for money wires.
- Report the scam to the SDPD or the FBI. Scams coming from Canada can be reported on **www.antifraudcentre.ca**.

A variant of this is called the Red Cross scam. It preys on the family of military personnel deployed overseas. The scammer claims to be with the Red Cross and says that their loved one has been injured. They then ask for your SSN to authorize help. They might also ask for money up front. Family members should clear any injury report through the appropriate chain of command or contact the base family community services for help. They should never give out any personal information or send money.

Another variant is the so-called "sweetheart scam." Women prey on elderly men; they pretend to be in love with them and then ask for money. Men troll the Internet to make a love connection; they pretend to be a lonely service member in Afghanistan and then ask for money for a fake emergency. These scammers usually ask for money to be wired. That is the tipoff that these are scams.

Auto Loan Modification

If you're having trouble paying your car loan and you're worried about having your vehicle repossessed, you may think about doing business with a company that claims it can reduce your monthly car loan or lease payment and help you avoid repossession. These companies might charge fees of several hundred dollars up front, tout their relationships with lenders, and bolster their claims to be able to significantly lower your monthly payments with glowing testimonials from "satisfied" customers. Some say that if they can't make a deal with your lender, they'll refund your money.

These promises sound like a way to solve your problem. But the FTC says they're just smooth talk by scam artists who are out to take your money and provide nothing in return. Many never even contact the lenders. The scam artists often compounded the problem by telling their clients to stop making their car payments while the companies claimed to be in negotiations with lenders. Some victims learned that nothing had been done anything only after their lender contacted them about repossessing their vehicle.

If you are having trouble making car payments contact your lender directly to discuss your options as early as you can. The longer you wait to call, the fewer options you will have. Typical auto loan modifications involve either deferring missed payments to the end of the loan or extending the loan term to reduce monthly payments. That choice actually increases the total amount you pay in interest, even with a lower interest rate. Lenders rarely reduce the amount of the principal or the interest rate in an auto loan modification.

Bankruptcy Foreclosure Rescue

Bankruptcy foreclosure scams target people whose home mortgages are in trouble. Scam operators advertise over the Internet and in local publications, distribute flyers, or contact people whose homes are listed in foreclosure notices. They may promise to take care of your problems with your mortgage lender or to obtain refinancing for you. Sometimes they ask you to stop making your mortgage payments or make the payments to them. But instead of contacting your lender or refinancing your loan they pocket the money you paid and then file a bankruptcy petition or a predatory lending lawsuit in your name, often without your knowledge. If this happens you could also lose your home. So proceed with care in dealing with an individual or company that:

- Makes an unsolicited contact and uses high-pressure sales techniques,
- Calls itself a mortgage consultant, foreclosure service, or similar name,
- Contacts people whose homes are listed for foreclosure,
- Promises to find "loopholes" in your loan documents or violations of State or Federal lending laws that can get you off the hook,
- Asks for a fee before performing a service,
- Asks you to make your home mortgage payments directly to them, or
- Asks you transfer you property deed or title to them.

Some ways to avoid becoming a victim of a loan-modification scam are listed below:

- Do not transfer ownership of your home to someone who promises to save it.
- Never deed your property to anyone you are not selling it to and who is not paying off your mortgage at the closing. And don't rely on a promise to lease the property back to you or let you buy it back in a few years.
- Do not pay advance loan-modification fees to anyone, including a real estate licensee or an attorney. Advance fees are now prohibited in California.
- Be careful in selecting an attorney. Do not rely on ads that claim the attorney is a member of the State Bar of California. All attorneys are members of the Bar and not all have special knowledge, experience, or expertise in loan modifications. In fact, it appears that many attorneys offering these services have little or no prior experience in loan modifications.
- Read all documents carefully before signing them.
- Make sure the person who negotiates, attempts to negotiate, arranges, attempts to arrange, or otherwise offers to perform a mortgage loan modification or other form of mortgage loan forbearance for a fee or other compensation paid by the you, the borrower, provides the following to you in not less than 14-point bold type prior to entering into any fee agreement as required in California Civil Code Sec. 2944.6(a):

“It is not necessary to pay a third party to arrange for a loan modification or other form of forbearance from your mortgage lender or servicer. You may call your lender directly to ask for a change in your loan terms. Nonprofit housing counseling agencies also offer these and other forms of borrower assistance free of charge. A list of nonprofit housing counseling agencies approved by the United States Department of Housing and Urban Development (HUD) is available from your local HUD office or by visiting **www.hud.gov**.”

This statement can be included in the contract or provided separately. And if the negotiations are conducted in Spanish, Chinese, Tagalog, Vietnamese, or Korean, a translated copy of this statement shall be provided to you as required in California Civil Code Secs. 1632(b) and 2944.6(6).

- Do not make your mortgage payments to anyone other than your lender.
- Do not work with anyone who tells you not to contact your attorney, lender, or a credit or housing counselor.
- If you deal with a foreclosure consultant as defined in California Civil Code Sec. 2945.1 who is not an attorney or a real estate broker, make sure that person has obtained a Certificate of Registration as a Mortgage Foreclosure Consultant from the California Department of Justice. This is now required in California.
- Before hiring a consultant check the California Attorney General’s website at **www.ag.ca.gov/loanmod** for tips to avoid being scammed and other information.

If you can’t pay your mortgage, call your lender as soon as possible for help. You don’t have to be in default to obtain a mortgage modification, as discussed below. The further behind you fall the more likely you are to lose your home. There are also many non-profit agencies that can help you with loan modification without a fee. You can get a list of housing counseling agencies approved by HUD by state and city on its website on the page entitled Foreclosure Avoidance Counseling at **www.hud.gov/offices/hsg/sfh/hcc/fc/**. As of April 10, 2012 there were 10 HUD-approved agencies in San Diego. Their counseling services are provided free of charge. One in San Diego is Community Housing Works. It can be contacted at (619) 282-6647. Its website is **www.chworks.org**. Another is Housing Opportunities Collaborative. Its phone number is (619) 283-2200. Its website is **www.housingcollaborative.org**. There is no need to pay a private company for these services. Remember, if you do engage a real estate broker or attorney only pay their fee after they have completed their work.

Suspected scams should be reported to the San Diego County District Attorney’s Real Estate Fraud Program. Call its complaint line at (619) 531-3552 to request a complaint form. Write or type a summary of your complaint and attach it to the complaint form. Your complaint cannot be reviewed without a complete concise statement of the facts. If bankruptcy proceedings are involved, call the United States Trustee at (619) 557-5013. The Trustee is a U.S. Justice Department official who monitors the bankruptcy system.

If you paid a licensed attorney for assistance in obtaining foreclosure relief and the attorney failed to perform legal services with competence, you should file a complaint with the State Bar by calling the Attorney Complaint Hotline at (800) 843-9053 or by filing a written complaint. Information on filing a complaint and the complaint form are available on the State Bar website at **www.calbar.ca.gov**. The grounds for ethics violations in dealing with foreclosures can be found on the State Bar website by searching Ethics Alert and selecting the document entitled *Legal Services to Distressed Homeowners and ...*. Note that attorneys are prohibited from contacting you in person or by telephone based on a referral from a foreclosure consultant or someone else unless the attorney has a family or prior professional relationship with you.

In addition to these California remedies, consumers can file a complaint with the FTC by calling (877) 382-4357 or going to **https://www.ftccomplaintassistant.gov/**. In its Mortgage Assistance Relief Services (MARS) Rule, the FTC is now banning mortgage relief companies from collecting advance fees and telling consumers to stop communicating with their lenders or loan servicers. It is also requiring companies to disclose the following:

- They are not associated with the government, and their services have not been approved by the government or the consumer’s lender or servicer.
- The amount of their fee.
- The lender may not agree to change the consumer’s loan.
- Consumers may lose their home and damage their credit rating if they stop paying their mortgage.
- Consumers may stop doing business with the company at any time, accept or reject any offer the company obtains from the lender or servicer, and if they reject the offer, they don’t have to pay the company’s fee.

Companies are also prohibited from making any false or misleading claims about their services or those of any alternative relief providers, the likelihood of consumers getting the results they seek, or the amount of money consumers will save by using their services.

Under the federal Making Home Affordable Program borrowers can apply for a mortgage modification if they are having difficulty paying their mortgage because their payment has increased significantly, their income has declined, or they have suffered a hardship, e.g., unexpected medical bills. There is no requirement for default. The following other requirements apply:

- The amount owed on the first mortgage must be equal to or less than \$729,750.
- The mortgage must be older than Jan. 1, 2009.
- The current monthly payment is more than 31 percent of your gross monthly income
- You must be able to pay up to 31 percent of your gross monthly income on a reasonable mortgage

Cash-Back Scams

This scam involves credit or debit card transactions with dishonest cashiers at retailers. In it the cashier would also ring up a “cash-back” charge and pocket the cash amount. To prevent this scam make sure the transaction total on your receipt and the register matches the amount of your purchases if you did not request any cash back. And report any differences to the store manager.

Charity Scams

Scammers often pose as charities and solicit donations for emotional causes such as children with life-threatening disease, wounded veterans, police and firefighters, etc. In many instances they use a name similar to a legitimate charity to mislead donors, e.g., “American Cancer Research Society” instead of the American Cancer Society. They are also more aggressive than legitimate charities, often calling you at home or coming to your door. Keep in mind that legitimate charities, in contrast to scams, will not pressure you to donate on the spot. Any suspicious e-mails solicitations and fraudulent websites should be reported to the FBI’s Internet Crime Complaint Center (IC3) at **www.ic3.gov**.

With the expansion of social media charities are now using Facebook posts and Twitter feeds to find donors. And donors are taking to social media to find and share information about charities they deem worthy. But all this sharing, if not done wisely, can leave donors vulnerable to scams. It’s easy for a bogus Facebook page, blog, or Twitter feed to look authentic. This is the bad side of social media.

The following tips will help protect you from a wide variety of charity scams.

- Check out any charities on the California Attorney General’s or BBB’s websites at **www.ag.ca.gov/charities** or **www.bbb.org/us/charity**, respectively. Both have searchable databases that provide information on legitimate charities.
- You can also go to **www.CharityNavigator.org** for the following information on specific charities: fund-raising efficiency rate, program/administrative spending ratios, revenue/expense statements, salaries of top administrators, and an overall rating. Most reputable charities will spend about 75 percent of their funds on their programs. Another source of information is **www.GuideStar.org**.
- Check the charity’s IRS Form 990. By law non-profit organizations must make these tax forms available to the public for the last three years. They touch on everything from management policy and executive pay to conflicts of interest. And they will tell you whether the charity is financially secure. These forms can also be seen on **www.GuideStar.org**. Also check that the charity is registered as a nonprofit with the IRS. You can do this at **www.irs.gov/app/pub-78**.
- Never donate over the phone. Even if the charity is legitimate, most of the money will go to the telemarketing company that is being paid to make the calls. If you want to contribute, do so directly to the charity, not to the solicitor.
- Never respond to online solicitations from unknown individuals. Be suspicious of individuals who represent themselves as member or officials of charitable organizations who ask for donations by e-mail or social networking sites.

- Do not respond to unsolicited e-mails, texts, or tweets. Many are fraudulent and contain malware. If you are thinking about giving online, look for indicators that the site is secure. These are lock icons on the browser's status bar or a URL that begins with "**https.**"
- Never click on links in unsolicited e-mails. They may contain viruses. If the link is to a charity, find and use its URL rather than click on a link.
- Beware of charities that spring up over night in connection with current events or natural disasters. They may make a compelling case for your money, but as a practical matter, they usually don't have the ability to get donations to the affected areas or people. Look for the official charity if you want to contribute. There will always be one.
- Never open attached e-mail files that purport to show pictures of a disaster area. They may contain viruses. Only open attachments from known senders.
- Beware of charities that don't have a website. Most legitimate charities have websites that end in **.org** rather than **.com**.
- Ask for written information about the charity's mission, how your donation will be used, and proof that your donation is tax deductible. A legitimate charity will send this to you.
- Don't be pressures into making a contribution. Legitimate charities don't use those tactics.
- Donate by check or credit card, never with cash or a money transfer. Write checks payable to the organization, not to a solicitor. Provide you credit card number only after you have reviewed information about the charity and verified its credibility. And ask the organization not to store your credit card information. Don't provide any other personal or financial information unless you know the person you're dealing with. Never donate via links on e-mails, Facebook pages, or tweets.
- Keep a record of your pledges and contributions. Callers may try to trick you by thanking you for a pledge you didn't make. If you don't have a record of a pledge or contribution, resist the pressure to give.
- Remember that "free" goods offered as an incentive in raising funds are paid for out of your contribution, which means less money is available to the charity.
- Never donate to charities with copy-cat names, i.e., ones that are similar to but not exactly the same as one of known, reputable charities.

You may need to dig deeper in vetting small local charities. These can be very efficient in dealing with local problems. Here are some guidelines to follow.

- Examine the charity's mission statement. It should clearly state what the charity is trying to accomplish and how it works to achieve its goals. It is typically found on the charity's website. Ask for a copy if one isn't there. And being local, you can talk to the staff and find out how its funds are being used.
- Find out who's in charge. A small charity should have at least three board members to start. This will ensure that different ideas are being considered. Eventually it should have at least six board members to provide expertise in legal, financial, and other matters.
- Check its finances. Ask to see copies of its IRS Form 990, Letter of Determination from the IRS showing its tax-exempt status, audited financial statements, and annual reports.
- Ask about its conflict-of-interest policy regarding staff compensation and outside financial interests.
- Beware of any charity that is unwilling to answer your questions.

Checks from Unknown Parties

In one case a consumer found a \$9 check with a product he had ordered. He cashed the check and later found a \$149 charge on his credit card. He failed to read the small print on the back of the check which authorized the transfer of his personal information to another company that would enroll him as a member of an organization for a monthly fee. To avoid such scams never cash checks from unknown parties.

Check Washing

People who steal mail are usually looking for envelopes containing personal checks that are made out to pay bills. They wash the check with chemicals to remove the payee's name and amount. The result is a blank check signed by you. They can then fill in their names and an amount and cash it. You can prevent your checks from being stolen by depositing your mail in boxes or slots inside a post office. Or use an outside box only if there is another

pickup that day. It is not safe to leave mail in a box overnight. Never leave mail for pickups from personal curbside boxes or cluster box units. And when making out checks use a pen with ink that is resistant to washing.

Credit Repair

The 1996 Credit Repair Organizations Act prohibits a variety of false and misleading statements, as well as fraud by Credit Repair Organizations (CROs). CROs may not receive payment before any promised service is "fully performed." Services must be under written contract, which must include a detailed description of the services and contract performance time. CROs must provide the consumer with a separate written disclosure statement describing the consumer's rights before entering into the contract. And consumers can sue to recover the greater of the amount paid or actual damages, punitive damages, costs, and attorney's fees for violations of the Act.

If you encounter a CRO that promises to remove negative items from your credit reports it is safe to assume it's a scam. In exchange for a fee it will promise to pester the credit reporting companies until they wipe out your debts and bankruptcy records. It will string you along saying the process will take several months. By then you may be out hundreds or even thousands of dollars. In the meantime, debts can stay on your credit record for up to seven years, and a Chapter 7 bankruptcy can remain for up to 10 years. If you think you were duped by a CRO you should call the FTC Consumer Response Center at **(877) 382-4357**. And if you have second thoughts about signing a contract for credit repair services, you can cancel it within five days.

To keep from being scammed you should avoid any company that does any of the following:

- Wants you to pay for credit repair before they provide any services,
- Will not tell you your legal rights,
- Will not tell you what you can do on your own at no cost,
- Tells you not to contact a credit reporting company directly,
- Advises you to dispute all negative items in your credit report, or
- Suggests you create a new credit identity, e.g., by applying for an Employer Identification Number to use instead of your SSN.

Here are some things you can do to improve your credit.

- Check your credit reports regularly for mistakes or collections you didn't know about. Free copies are available annually from Equifax, Experian, and TransUnion, the three nationwide consumer credit reporting bureaus, by visiting **www.AnnualCreditReport.com** or calling **(877) 322-8228**, a service created by these bureaus. Contact the reporting bureaus in writing about any mistakes or disputed collections. If a mistake is confirmed you can ask the reporting bureau to send a corrected report to prospective lenders.
- Check that past-due accounts older than seven years from the first date of delinquency have been removed. Challenge any that are still on the report. Include copies of documents that support your position and a copy of the credit report. Send them to the reporting company by certified mail.
- Pay down or pay off outstanding debt. Deal with those with the highest interest rates first.
- Develop a plan to pay off high-interest credit card debts. Advice on planning is available from the National Endowment for Financial Education's website at **www.smartaboutmoney.org**. Paying the monthly minimum due is very expensive. It will also take a very long time to pay off the balance. Consider the following alternatives: (1) use savings or investments, especially those that are earning less than the debt interest rate, to pay down the balance, (2) reduce expenses in order to make greater payments, (3) take out a loan at a lower-interest rate to pay off the balance, and (4) stop charging things on the card.
- Try to negotiate a lower interest rate or late fees if you are having trouble paying a debt. Speak to a supervisor who has authority to change the terms of your loan.
- Consider seeing a credit counselor if you can't handle your debts on your own. Consultations are usually free. Two organizations that can refer you to a counselor are the National Foundation for Credit Counseling and the Association of Independent Consumer Credit Counseling Agencies. You can call the former at **(800) 388-2227** or visit its website at **www.nfcc.org**. You can call the latter at **(866) 703-8787** or visit its website at **www.aiccca.org**.

- Get a secured credit card if you need to re-establish your credit. Such a card requires a security deposit to secure your charges to it. And they usually have fees that regular cards do not have. Look for cards with reasonable fees.
- Prepaid debit cards will not help you establish a good credit history because their use is not reported to the three major credit reporting bureaus. Also, be aware that such cards come at a steep price, and while their funds are insured by the Federal Deposit Insurance Corporation (FDIC), the cards aren't protected by federal laws that limit credit card losses to \$50 for fraudulent charges. Before buying a prepaid card make sure you know about all the fees and understand the small print in the cardholder agreement. There can be fees for first-time issuance, reloading, ATM usage, balance inquiries, maintenance, and replacement. This information is usually only available on the company's website. For more information on prepaid cards, see the Consumers Union paper entitled *Prepaid Cards: Second Tier Bank Account Substitutes* dated September 2010 at www.sdut.us/prepaidplastic.

These and other things you can do to repair your credit are explained on a page entitled *Building a Better Credit Report* on the FTC's website at www.ftc.gov/bcp/edu/pubs/consumer/credit/cre03.shtm#scams.

Debt Settlement

Debt settlement, a process in which a consumer who is behind in debt payments negotiates with the creditor to pay off the debt in full for less than the amount owed, has become a big business as American consumers struggle with historic levels of unsecured debt. Problems arise when a consumer pays a debt-settlement company to do the negotiations and make the payments. A recent investigation by U.S. Government Accountability Office (GAO) found that some debt-settlement companies engage in unscrupulous activities. (Its report, GAO-10-593T entitled *Debt Settlement: Fraudulent, Abusive, and Deceptive Practices Pose Risk to Consumers* and dated April 22, 2010, can be found online at www.gao.gov by searching for its number.) These include:

- Charging fees before settling any debts
- Applying monthly payments to fees before reserving them for debt settlement
- Advertising that their services were linked to government programs
- Offering \$100 if they could not get a consumer out of debt in 24 hours
- Claiming high success rates, up to 100 percent
- Suggesting that consumers stop paying on their debts

You can avoid being scammed when seeking help with debt settlement by doing your homework and shopping around. Consider several companies. Check them out with the BBB. Go on the Internet and see what people are saying about them. Find out how long they have been in business and whether any legal actions are pending against them. Ask about their services and fees.

You should also consider debt consolidation, credit counseling, and doing it yourself. The first is a process in which a consumer takes out a loan to combine debts into one payment, typically smaller and at a lower interest rate than the individual debts. In the second a consumer receives credit counseling and assistance in managing finances, budgeting, and debt consolidation without a loan. The third involves the following:

- List your goals.
- List your expenses and see which ones you can reduce or eliminate.
- Call your creditors to request a lower interest rate. Do this before your debts are assigned to a collection agency.
- Put as much money as possible to reducing your debt, and keep doing it until all your debts are paid off.
- Sell any stuff you don't use to make extra money.

Dishonest Tax Return Preparers

In this scam dishonest tax return preparers tempt seniors, people with little or no income who normally don't have a tax filing requirement, and members of church congregations to file tax returns claiming fraudulent refunds. The preparers claim they can obtain a tax refund or a stimulus payment for their victims based on the American Opportunity Tax Credit even if the victim was not enrolled in or paying for college. They may charge exorbitant

upfront fees and are long gone when their victims discover they've been scammed. Also, the victims will have to repay any refunds the IRS paid before it determined the claims were false. Taxpayers should beware of any of the following to avoid being involved in this scam.

- Unfamiliar for-profit tax services selling tax refund and credit schemes
- Internet solicitations that direct individuals to toll-free numbers and then ask for SSNs
- Flyers and brochures implying tax credits or refunds without proof of eligibility or documentation
- Promises of refunds for persons who don't have to file a tax return
- Claims for Economic Recovery Credit Program or stimulus payments
- Unsolicited offers to prepare a return and split the refund
- Promises of refunds if asked to make false statements of entitlements to tax credits

You can also avoid this scam as well as identity theft by wisely choosing a tax preparer. Here is how to do this.

- Check the person's qualifications. All paid tax return preparers must have a Preparer Tax Identification Number (PTIN). Also ask if the person is affiliated with a professional organization like the National Association of Enrolled Agents, and attends continuing education classes. Note that as of Jan. 18, 2013 the United States District Court for the District of Columbia has enjoined the IRS from enforcing the regulatory requirements for registered tax return preparers. In accordance with this order, tax return preparers covered by this program are not currently required to register with the IRS, to complete competency testing or secure continuing education. The ruling does not affect the regulatory practice requirements for CPAs, attorneys, enrolled agents, enrolled retirement plan agents or enrolled actuaries. The IRS, working with the Department of Justice, continues to have confidence in the scope of its authority to administer this program. On Jan. 23, 2013 the IRS and Justice Department asked for the injunction to be lifted. Regardless of the outcome of that request, an appeal is planned within the next 30 days. The IRS is continuing to evaluate the scope of the court's order in determining consistent next steps. Check the IRS website at **www.irs.gov** for additional information that becomes available.
- Check the preparer's history. See if he or she has a questionable history with the BBB, been subject to disciplinary actions by state agencies or professional organizations, and has a current license.
- Avoid preparers who guarantee a refund, base their fee on a percentage of your refund, claim they can obtain larger refunds than other preparers, or say you can walk out of their office with a check in your hand. The latter is actually a Refund Anticipation Loan (RAL) which may be usurious.
- Have any refund sent directly to you or deposited in your bank account. Never allow it to go to the preparer.
- Make sure the preparer is accessible after your return has been filed in case the IRS questions anything on it.
- Do not use a preparer who does not ask to see all the records and receipts needed to prepare your return.
- Never sign a blank return.
- Review the entire return before signing it. Ask questions and make sure you understand it. Do not use a preparer who won't sign your finished return. Although the preparer signs it, you are responsible for the accuracy of every item on your return.
- Get a copy of your return.

Earned Income Tax Credit

This scam targets low-income working families and individuals who: (1) don't have to file federal income tax returns because their gross income is below the filing requirement in Table 1 of Publication 501, (2) qualify for the Earned Income Tax Credit but don't know about it, and (3) haven't filed for the credit. The scammers say they will file for them give them a check for a small amount, say \$400. The victims don't realize that if they had filed for credit themselves they would receive more than \$400. The scammers make the difference; they also file for credits in prior years. All the victims are asked to do is provide their SSNs and sign the bottom of the form. The scammer then puts his or her address on the form and receives the full credit due. By signing a false form the victims not only lose some credits but may be liable to pay the money back with penalties. Any offer to file for this credit is a scam and be refused. People who qualify for this credit can get free assistance from the IRS at its San Diego Office at 880 Front St. It's open Monday through Friday from 8:30 a.m. to 4:30 p.m. You can call **(619) 615-9555** for an appointment.

Ecclesiastical Crime

Churches, unfortunately, provide fertile ground for scammers and con artists. The Center for the Study of Global Christianity at the Gordon-Conwell Theological Seminary estimated that of the \$569 billion to be donated to Christian causes world-wide in 2012, about \$35 billion or six percent will end up in the hands of embezzlers, tax evaders, money launderers, or unscrupulous ministers. Here are some things to do to make sure your donations go to the right place.

- Ask how the donation will be used. Defensive or evasive behavior and an unwillingness to answer questions indicate that the funds might be misappropriated.
- Ask to see the church's audited financial statements. Churches, unlike other nonprofit organizations, aren't required to file IRS Sec. 501(c)(3) tax forms so potential donors cannot easily get information on the church's finances and management. You have to ask for it. Start with the church's finance committee. Ask to see its financial reports and attend a finance committee meeting.
- Ask how the church receives and disburses funds. One person should not have complete control of them. The church should have a professional accounting system to ensure that the funds are handled properly.

Once you're satisfied that your donation will go to the right place, you should make sure that you can afford to make it. You shouldn't put your family into debt in the process. Some churches make giving very easy by automatically charging pledges to your credit card. To avoid debt problems you may want to get help from a financial advisor in developing a budget and fitting donations into it. A budget can also help you deal with additional requests for money from the church during the year.

Empty Box Bargains

In this scam parking lot or street hawkers offer the hottest electronic gadgets for rock-bottom prices from the back of a truck or van. They'll show you samples of their wares but your purchase will be in a sealed box. When you get home and open it you'll find it empty except for some weights. You can protect yourself from this scam by not buying anything from someone in a parking lot or on the street, no matter how good the price sounds. If the deal sounds too good to be true, it usually is.

Fraudulent Checks

Someone sends or gives you a check and asks you to deposit it in your bank and then wire back a portion of the amount, leaving you with a net profit. This can happen in many ways and will sound like a good deal. But the check will be counterfeit. It will be returned to your bank and the full amount deducted from your account. You can avoid this problem by not cashing the check in the first place, but if you do you should wait until it clears before withdrawing any of it.

In one example of this scam letters are sent to people asking them to participate in a mystery shopping program to help evaluate a certain business in their area. A counterfeit check that appears to come from a government agency is enclosed along with instructions to deposit it in your bank, spend some at the business and provide a written appraisal of your shopping experience, keep a portion for your work, and wire the balance elsewhere, typically overseas. There are legitimate companies that hire mystery shopping but they usually pay \$8 to \$20 per shop after the assignment is completed, and don't require any wire transfers.

In another example a collection lawyer receives what appears to be a legitimate solicitation e-mail from a prospective client seeking representation in a debt collection matter. The lawyer then receives what appears to be a valid cashier's check, supposedly a settlement check from a debtor, from a reputable bank. After the check is cashed and the money deposited in the lawyer's client trust account, the "client" asks that the funds, less the fees, be wired to a foreign bank. The cashier's check was fraudulent and the lawyer was left holding the bag.

In January 2007 The Office of the Comptroller of the Currency (OCC) sent out bulletin OCC 2007-2 to all national banks warning them of an increasing number of complaints relating to fraudulent cashier's checks and advising both depository and paying banks of actions to take to address risks to them. These fraudulent checks have often been received by bank customers who sell goods or services over the Internet. And in some cases they are asked to

wire other funds to third parties. In all these case the customer believes the cashier's check to be valid and deposits it in his or her account. When the bank makes the funds "available" the customer sends the goods or funds. Later the check is returned unpaid because it is discovered to be fraudulent. To avoid losses from this check scam bank customers should wait until the check clears before sending goods or funds. The IC3 recommends taking the following steps to determine whether a check is counterfeit:

- Ensure that the amount of the check matches in figures and words.
- Inspect the check to see that the account number is not shiny in appearance, the drawer's signature looks natural, i.e., not traced, and the check is perforated on at least one side.
- Inspect the check for additions, deletions, or other alterations.
- Contact the financial institution on which the check is drawn to ensure its legitimacy. Obtain the phone number from an independent, reliable source, not from the check itself.
- Be cautious in dealing with foreigners.

Fraudulent Locksmiths

If you are not careful in selecting a locksmith you may be overcharged for simple jobs, get charged for unnecessary expensive jobs, and have faulty work done. Fraudulent locksmiths are usually unlicensed, unprofessional, and do the following:

- Advertise online and in Yellow Pages with false addresses and 800 or other toll-free phone numbers
- Operate through an out-of-town call center
- Answers the phone with a generic phrase instead of a specific company name
- Quote low prices on the phone
- Use intimidating tactics and ask for more money when they arrive
- Say they have to drill and replace the lock
- Drive unmarked vehicles
- Require payment in cash

To avoid problems in hiring a locksmith you should do the following:

- Find a reputable, local locksmith before you need one. Get references from friends and neighbors. If any are recommended, check to see that they are licensed. You can do this online with California Bureau of Security and Investigative Services (CBSIS) at www.bsis.ca.gov/online_services/verify_license.shtml for companies and company employees. (Licensees have to undergo a criminal history background check through the California Department of Justice and the FBI.) If none are recommended you can search for one on the website of the Associated Locksmiths of America (ALOA). It is an association of certified locksmiths who represent the highest level of professionalism, experience, and reliability in the industry. Go its website at www.aloa.org, click on Find a Locksmith, and enter a ZIP code and a search radius. After selecting a locksmith check the status of its license with the CBSIS. You can also check on the company with the Better Business Bureau of San Diego County at www.sandiego.bbb.org. There you can see whether it is accredited and check its rating, reason for the rating, the number of closed complaints in five categories, and since May 2012, detailed information on consumer complaints, the responses a business made to the complaint, and subsequent correspondence between the consumer, the business, and the BBB. (The names of consumers who complain will still be kept confidential.)
- Leave a duplicate house key with a neighbor or a nearby family member. If you're locked out of your house, call them first.
- Have roadside assistance included in your auto insurance. It usually includes emergency services from pre-approved companies for unlocking cars, jump-starting batteries, changing flat tires, delivering gasoline, and towing. If you're locked out of your car, call for assistance first.
- If you call a locksmith for a car or home lock-out, get an estimate for the total cost of the work, including possible extra charges for responding at night, mileage, and any other fees. Most legitimate locksmiths will give you an estimate on the phone. If the price the locksmith asks when he arrives doesn't jibe with the estimate you got on the phone or if you're told that the lock has to be drilled and replaced, do not allow the

work to be done. A legitimate locksmith has tools and education that enables him or her to unlock almost any door.

- Find out if the locksmith is insured when you call. If your property is damaged during a repair, or if faulty work leads to loss or damage, it's important for the locksmith to have insurance to cover your losses.
- When the locksmith arrives ask for identification, a business card, and a license. Some locksmiths will work out of an unmarked car for emergency jobs, but most will arrive in a service vehicle that is clearly marked with their company's name.
- Before authorizing any work check to see that the invoice includes the company's name, and whether the locksmith's vehicle has a name that matches the business card, invoice, and/or bill. And never sign a blank form authorizing work.
- Expect the locksmith to ask you for identification as well. A legitimate locksmith should confirm your identity and make sure you're the property owner before doing any work.
- After all the work is completed, get an itemized invoice that covers parts, labor, mileage, and the price of the service call.

Free Airline Tickets

In this scam you get a letter from a fictitious airline with a name that's close to that of a real airline, e.g. US Airlines, which is close to US Airways. The letter says that you have been awarded two round-trip tickets and that you have to call a given phone number to claim your tickets. When you call you are immediately asked for personal and financial information. Then you are told that the tickets are no longer available but that you can save a great deal on tickets, hotels, and other things in the future if you join a travel club, which you can learn more about if you attend a free dinner and hear a sales pitch. Like the airline, the travel club is also fictitious. And if you join you'll also lose your "membership" fee. So don't respond to this scam. Remember the adage, if it's too good to be true it usually is.

Free Samples

After using your credit card to pay \$5 to cover handling and shipping costs, you receive the "free" sample product you ordered. A few weeks later you receive a larger bottle of the product along with an invoice stating that \$75 has been charged to your credit card. By failing to read the cancellation policy in the terms and conditions for ordering the "free" sample, you were enrolled in the company's monthly automatic shipping program.

To avoid "free sample" or "free trial offer" scams be sure to read the terms and conditions carefully. Don't accept an offer if you can't or don't understand them. Also look for pre-checked boxes. They can bind you to terms and conditions you don't want to accept. And look for information about how to cancel future product shipments or services if you don't want them. Do you have to pay? Do you have a limited time to respond? Remember, free rarely means free in Internet commerce. And finally, check your credit and debit card statements after you've responded to a free trial or sample offer. Look for any charges you don't recognize or didn't authorize. If you see any notify the card issuer promptly and contact the merchant to try to resolve the changes.

Gift Card Stripping

In this scam thieves use an inexpensive scanner to read the code behind the magnetic or scratch-off strip on the back of a preloaded gift card, which along with the number on the front of the card, enables them to steal the value of the card. They return the worthless card to the rack where an unsuspecting customer buys it. Or if the card is not preloaded, the thief can call the 800 number on the card every few days to check the balance and spend it before the customer does. You can protect yourself from this scam by doing the following:

- Don't buy a card that looks like it's been handled or tampered with. If the card comes in a sleeve, make sure it's not crinkled or torn.
- Only buy cards that are behind a customer-service desk.
- Ask the cashier to scan a preloaded card to make sure the full value is on it.

Green Dot MoneyPaks

MoneyPaks are reloadable debit cards that can be used to pay for goods or services. They work just like cash and transactions with them cannot be traced or reversed. If a business only accepts payment this way, it's probably a scam. So use MoneyPak only to reload prepaid credit cards or accounts you control. And never give your MoneyPak number to someone you don't know.

Green Energy Conservation

With billions in stimulus money being released by the Federal Government for green energy programs, millions of Americans are considering home improvements that will save energy and give them tax credits of up to \$1,500. To avoid being victimized by scammers who are trying to cash in on this, homeowners should keep the following in mind.

- Not all improvements qualify for tax credits. Those that do qualify are listed on **www.energystar.gov/taxcredits**.
- Do not accept any offer to file the "necessary paperwork" for a fee. You can easily do it yourself.
- Ignore any e-mail from the U.S. Department of Energy promising a refund. And don't open its attachment, which could unleash malware in your computer.
- Don't let any people into your home to do energy audits or make energy-saving repairs. Scammers often pose as local utility company employees to do this. In taking advantage of legitimate rebate programs, call the company first to set a time for an employee come to your home.
- Don't fall for high-pressure sales pitches for energy-saving devices. They don't work.
- Beware of unscrupulous contractors. See the separate section below on ways to avoid their scams.

Health Insurance Fraud

The passage of the 2010 health insurance reform bill has provided scam artists and criminals with an opportunity to confuse and defraud the public by selling phony insurance policies. Scammers are now going door to door in some areas urging consumers to obtain coverage in a non-existent "limited-enrollment" period that they falsely state was made possible by the new legislation. They are also setting up toll-free phone numbers and using the Internet to sell phony policies and threaten people that they will go to jail unless they have health insurance. Consumers need to inform themselves about the new legislation and the availability of new options. They should also check whether the insurance company and the person selling the insurance are licenses, as suggested above in preventing predatory insurance sales practices. Also, any person selling door to door should be wearing a SDPD-issued photo-ID registration card. Solicitors without this card should be reported to the SDPD on **(619) 531-2000** or **(858) 484-3154**, its non-emergency numbers.

Medicare enrollment and Medicare and Medi-Cal services fraud are covered separately in later sections.

High-Pressure Home Solicitation Sales

Solicitors who come into your home often try to pressure you into an immediate purchasing decision. To protect you from becoming a victim of fraud or being pressured into signing a contract for something you don't need or can't afford, California's Home Solicitation Sales Act requires certain disclosures by the solicitor and provides the buyer with a right to cancel any contract for goods or services costing \$25. Notice of cancellation must be in writing and within three business days of signing the contract.

Before asking any questions or making any statement other than a greeting, the solicitor must do the following:

- Identify himself or herself by name
- Identify the trade name of the person or company that he or she represents
- Identify the kind of goods or services being offered for sale
- Clearly reveal that the purpose of the contact is to affect a sale
- Show identification which contains the name of the solicitor, the entity he or she represents, and the address of that entity.

The solicitor must also make certain written disclosures. If they are not made, the cancellation right continues beyond the initial three-day period until the required disclosures are made. First, the contract must be in writing in the same language used in the sales presentation. And it must contain a conspicuous, statutorily-prescribed notice of the buyer's right to cancel near the space for the buyer's signature. A Notice-of-Cancellation form must be attached. For more information see Consumers' Rights to Cancel Home Solicitation Contracts: Legal Guide K-9 at www.dca.ca.gov/publications/legal_guides/k_9.shtml. It is one of many legal guides published by the California Department of Consumer Affairs listed at www.dca.ca.gov/publications/legal_guides/.

High-Pressure Sales of Financial Products at Free-Meal Seminars

Many financial services firms sponsor sales seminars and offer a free meal to entice attendees. While these seminars are advertised as educational workshops at which “nothing will be sold,” they are actually held to get attendees to open accounts and buy investment products, if not at the seminar itself, then in follow-up contacts. In a 2007 study of these seminars by the U.S. Security and Exchange Commission, the Financial Industry Regulatory Authority, and state securities regulators, it was found that about half featured exaggerated or misleading advertising claims and about one-quarter involved unsuitable investment recommendations. Attendees need to understand that these seminars are primarily sales events and that all claims and recommendations should be evaluated with great care before taking any actions. See the tips on spotting and avoiding most types of investment scams in the section entitled Investment Opportunities below.

Immigration Services

Navigating U.S. immigration laws can be complex. Missing a deadline or choosing the wrong form can jeopardize a person's immigration status, or make it harder to legally remain in the United States. Unauthorized immigration services providers and scam artists look for ways to exploit immigrants, and often take their money while doing nothing for them. Unauthorized providers may also lose important documents, provide substandard service, or encourage immigrants to make false statements to the government. The result can be rejection or denial of benefits and, in some cases, criminal prosecution. They might also use the personal information you provide to steal your identity.

Choosing the right person to help you is almost as important as filling out the right form, or filling it out the right way. The help that you see advertised in store windows, on websites, in the newspaper, on the radio can hurt you. People who call themselves immigration consultants or experts, or *notarios* cannot help you. Even people who mean well – a friend, your pastor, a teacher, or a relative – can cause problems for you later. Helpers like these should only write or translate what you tell them to, not give you advice on what to say or which forms to use. To get real help you should work with people who are authorized by the U.S. government to help you. They will help protect you from people who will cheat you.

Dishonest people sometimes charge for blank government forms, say they have a special relationship with the government, or guarantee to get you results. They may promise to get you a winning slot in the Diversity Visa lottery if you pay a fee. They might charge a lot of money, supposedly to guarantee temporary protected status or get you benefits you don't qualify for. They are very clever about finding ways to cheat people.

Because immigrants with limited English language proficiency often are targeted by scammers the FTC has developed education materials in English, Spanish, Chinese, and Korean. These materials explain how to avoid and report immigration scams and how to find legitimate no-cost or low-cost immigration advice from authorized providers. They can be downloaded from the FTC's website at www.ftc.gov/bcp/edu/microsites/immigration/index.shtm.

Here are some ways to avoid these scams.

- Don't go to a *notario*, *notario público*, or a notary public for legal advice. Although some notaries might also be attorneys, i.e., lawyers that are members of The State Bar of California, they are not allowed to give you legal advice when acting as a notary. And as such they cannot talk the U.S. Citizenship and Immigration

Service (USCIS) or the Board of Immigration Appeals (BIA) on your behalf. Ways to get the right help are listed below.

- If you use the Internet you can get immigration information and forms from the U.S. Citizenship and Immigration Service (USCIS) website at **www.uscis.gov/portal/site/uscis**. You can download forms there for free, though you'll probably have to pay when you submit them to USCIS. Unauthorized service providers and scammers usually design their websites to look official. Their URLs end in **“.com.”** They will charge you for forms and other services.
- If you don't use the Internet you can get free immigration forms by calling USCIS at **(800) 870-3676**, or by visiting the USCIS field office in San Diego at 880 Front Street.
- Don't let anyone keep your original documents, like your birth certificate or passport. Scammers may keep them and charge you to get them back.
- Never sign a form before it has been filled out, or a form that has false information in it.
- Never sign a document that you don't understand.
- Keep a copy of every form that you submit, as well as every letter from the government about your application or petition.
- Keep the receipt you'll get from USCIS when you turn in your paperwork. It proves that USCIS received your application or petition. You will need the receipt to check on the status of your application.

To find an immigration lawyer who provides free or low-cost legal services for immigrants and refugees:

- See the list of free legal service providers in California on the U.S. Department of Justice website at **www.justice.gov/eoir/probono/states.htm**.
- Call USCIS at (800) 375-5283 to ask about lawyers in your area.
- See the Immigration Legal Service Providers Directory by state on the American Bar Association's website at **www.americanbar.org/groups/public_services/immigration/resources/immigration_legal_service_providers_directory.html**

To obtain free legal advice or representation:

- Contact a local law school. Law students can give you legal advice if they are supervised by a lawyer or accredited representative.
- Find someone in your community known to USCIS as a “reputable individual” to represent you. They have to sign a legal document saying they won't take money from you.

To find a lawyer in your area who works in immigration but will charge a fee to help you:

- Visit the website of the American Immigration Lawyers Association at **www.aialawyer.com**. There you can also get answers to many frequently asked questions, including ones about the costs and qualifications of an immigration lawyer.
- Visit the website of the State Bar of California at **members.calbar.ca.gov/search/ls_search.aspx** to conduct a legal specialist search. Select Immigration & Nationality Law and San Diego County from the drop-down menus to get a list of certified specialists.

To check to see if someone is actually a lawyer, and to find out if a lawyer has been disciplined, suspended, or expelled by the State Bar:

- Visit the website of the State Bar of California at **www.calbar.ca.gov** and enter the person's name in the Attorney Search box to see the person's bar membership record.
- Visit the U.S. Department of Justice's website at **www.justice.gov/eoir/discipline.htm** to see a list of currently disciplined practitioners.

Another group of people who are authorized by the U.S. government to give legal immigration advice and represent you are called accredited representatives. They are not lawyers work for an organization that's officially recognized by the U.S. government. They may charge a fee to help you. Both the accredited representatives and these recognized organizations are on a list kept by the Board of Immigration Appeals (BIA) at the U.S.

Department of Justice. You can see this list by state on the U.S. Department of Justice's website at www.justice.gov/eoir/statspub/raroster_files/raroster_orgs_reps_state_city.htm.

Young immigrants seeking help in requesting consideration in the federal government's Deferred Action for Childhood Arrivals (DACA) program, which defers deportation action for two years with potential renewal and provides eligibility for employment if there is an economic necessity, should do the following to avoid being a victim of a scam.

- In seeking help from an attorney, visit the website of the State Bar of California at www.calbar.ca.gov and enter the person's name in the Attorney Search box to see the person's bar membership record, or call the Bar at **(800) 843-9053**.
- To find an immigration lawyer who provides free or low-cost legal services for immigrants, see the list of free legal service providers in California on the U.S. Department of Justice website at www.justice.gov/eoir/probono/states.htm. Or call the U.S. Citizenship and Immigration Service (USCIS) at **(800) 375-5283** to ask about lawyers in your area.
- In seeking help from an immigration consultant, visit the website of the California Secretary of State at www.sos.ca.gov/business/sf/bond_search/ or call **(916) 653-3984** to check whether the person has posted the required \$50,000 bond and met the other requirements of Secs. 22440-22248 of the California Business and Professions Code. Note that it is against the law for an immigration consultant to give legal advice. He or she can only give you non-legal help such as translating your answers to questions on USCIS forms.
- Before getting help from an immigration consultant get a written contract signed and dated by the person. Make sure the contract lists the person's full name and contact information, the services you were promised, and how much you have agreed to pay. The contract should be written in both English and your language. You have the right to cancel it within 72 hours of signing; the cancellation must be in writing. Give the consultant a copy of original contract and keep the originals in a safe place.

Contact the California Attorney General's Office if you have a complaint against an immigration consultant. You can file it online at <https://oag.ca.gov/contact/consumer-complaint-against-business-or-company> or by mail to the Office of the Attorney General, Public Inquiry Unit, PO Box 944255, Sacramento, CA 94244-2550.

Investment Opportunities

Investment pitches come by phone, postal mail, e-mail, newspaper and magazine advertisements, TV "infomercials," etc. They can also come from friends, relatives, co-workers, neighbors, and members of groups or organizations you belong to. Some may be legitimate, but many are scams designed to separate you from your money. Remember, scam artists are skilled liars. They are usually very friendly, very good at sounding like they represent legitimate businesses, and have believable answers to any questions you may ask. And they often prey on seniors, widows, fellow members of ethnic or religious groups, or cultural or community organizations whose trust they betray.

The following tips will help you spot and avoid most types of investment scams:

- Don't believe claims that there is no risk. All investments, even legitimate ones, involve some risk. Never invest more than you can afford to lose.
- Be wary of promises that you will make a good return fast. Legitimate investments require time to pay off. If the offer sounds too good to be true, it probably is. Be highly suspicious of any "guaranteed" investment opportunity.
- Be suspicious of an investment in which regular, positive returns are promised regardless of the overall market conditions. Investment values tend to go up and down over time, especially those with high returns.
- Be wary of investments in gold, other precious metals, and coins. There are a variety of scams involving them.
- Never rely solely on unsolicited investment information from an e-mail or fax, especially when the sender makes extravagant claims about its future value. Be skeptical whenever you receive a stock tip. Tipsters try to get you and others to buy the stock so the price will go up and they can sell off their shares at the inflated price.
- Check the source of any message you receive because it may come from a company insider who is paid to advertise the stock.

- Don't be fooled by testimonials offered by strangers. Often these are fictitious or made by the scammers to encourage you to invest.
- Avoid investments you don't understand or for which you can't get complete information. Understand what you are investing in and how your investment will be held or managed. If you are unsure about anything, discuss the investment with your attorney, accountant, or any other licensed professional before you invest. You should also discuss it with your family and trusted friends.
- Don't be afraid to ask questions. Any legitimate business will be glad to answer them.
- Be wary of any business that does not have a street mailing address and phone number.
- Be sure to get everything in writing. Chances are you won't get what was promised otherwise.
- Read the investment's prospectus and disclosure statement carefully before you invest.
- Ask what recourse you would have if you are not satisfied with your investment or if you need to get your money out quickly. It is essential to get any warranty or refund provision in writing, and be confident that the business will honor its guarantees should that become necessary.
- Be suspicious if you don't receive a payment or have difficulty cashing out your investment.
- Be wary of salespeople who promise to "take care of everything" for you. Honest salespeople will make sure you understand the investment. They will also keep you informed about it so you can make appropriate decisions in the future.
- Don't get taken in by offers that are available right now. Don't get pushed into making a quick decision. Take time to think about it, do some research, and discuss it with others. If you are not interested, just say so; it is not impolite to simply say "no" or hang up the phone.
- Be wary of salespeople who ask you to send cash or transfer money immediately, or offer to send someone to pick it up.
- Never pay for something that is "free." Whatever you receive will probably be worth less than what you've paid for it.
- Never meet with a salesperson alone in your home.
- Don't disclose your financial situation or provide any personal information such as your SSN or credit card number until you are confident that you are dealing with a legitimate salesperson and company. Never give out personal information for "identification" purposes.
- Check the credentials and licensing of any salesperson, broker, or other person before investing. Don't deal anyone who isn't licensed. You can check out money managers, financial planners, insurance agents, and other investment advisors on the California Department of Corporations website at **www.corp.ca.gov/Laws/CSL/BDIA/CheckAdviser.asp**.
- Ask what state or federal agencies the salesperson's firm is regulated by and with whom is it registered. Get the phone number and URL so you can contact the agencies to verify the facts. Don't deal with salespeople who say their firm is not subject to registration or regulation.
- Don't consider investments that are not registered with the U.S. Securities and Exchange Commission (SEC) or a state regulator.
- If the investment involves securities, you can go to the Financial Industry Regulatory Authority's website at **www.finra.org** and look up the status of brokers or brokerage firms on its BrokerCheck on its Investors page. You can also get a detailed report that includes the firm's profile, history, operations, and disclosure events. The latter include arbitration awards, disciplinary actions, bankruptcies, etc. Also check with the California Department of Corporations at **www.corp.ca.gov** or **(866) 275-2677** to verify that the company offering stock or other securities is registered, and that the investment opportunity is legitimate and legal. And you can see company's quarterly and annual reports on the SEC's website at **www.sec.gov** under Filings & Forms.
- Ask for the name of the firm your investments clear with.
- If the investment involves commodity futures, you can go to the National Futures Association's website at **www.nfa.futures.org** and look up the status of individuals or firms on its Broker/Firm Information (BASIC) page. You can also go to the Commodity Futures Trading Commission's website at **www.cftc.gov** and look up the disciplinary history of individuals or firms under Consumer Protection.
- Be wary of any individual or firm who offers to sell you commodity futures or options on commodities, particularly precious metals, foreign currency, and those with seasonal demands. These investments are very risky and anyone who claims otherwise may be breaking the law.
- If you have a self-directed IRA, i.e., one in which you can hold alternative investments such as real estate, mortgages, tax liens, precious metals, and unregistered securities, you cannot depend on the custodian to investigate and validate your investments or any financial information provided about them. Custodians are

only responsible for holding and administering the assets in the IRA. And they have no responsibility for investment performance. This puts the burden on you to avoid Ponzi schemes and other frauds. For ways to avoid these dangers see the investor alert published by the SEC Office of Investor Education and Advocacy at www.sec.gov/investor/alerts/sdira.pdf.

- Be wary of investment offerings involving distressed real estate. Investments in properties that are bank-owned, in foreclosure, or pending short sales carry substantial risks and should be evaluated carefully. And as with other securities, interests in real estate ventures must be registered with state security regulators. For ventures in California you can check licenses on the California Department of Real Estate's website at www.dre.ca.gov/Licensees.
- Investments involving promissory notes and the persons who sell them must be registered. Check on them with the California securities regulators before investing. Unregistered notes are often covers for scams. And registered notes carry a risk that the issuer may not be able to meet its obligations.

In selecting a financial planner, in addition to the tips listed above and other questions to ask about his or her competency, experience, education, client base, income, compensation, etc., you should do the following:

- Check the planner's professional credentials. These include being a Certified Financial Planner (CFP) and a Chartered Financial Analyst (CFA). For the former you can check for certification, public disciplinary history, and areas of specialization of the CFP Board's website at www.cfp.net. For the latter you can check the member directory on the CFA Institute's website at www.cfainstitute.org/about/membership/directory/Pages/index.aspx or call the Institute at (434) 951-5262.
- If you are investing in securities, go to the Financial Industry Regulatory Authority's website at www.finra.org and look up the status of brokers or brokerage firms on its BrokerCheck on its Investors page. You can also get a detailed report that includes the firm's profile, history, operations, and disclosure events. The latter include arbitration awards, disciplinary actions, bankruptcies, etc.
- Never commit to giving the planner money to invest on your first meeting. Think about the proposed investments and discuss them with people you trust. Be suspicious of planners that pressure you into investing right away.

Job Offers

Persons looking for jobs need to be aware of scammers who are asking for personal information and upfront money for help in finding a job. They keep the money and use the personal information for identity theft. The following red flags warn you of a likely job scam:

- The employer offers the opportunity to become rich without leaving home. While many legitimate businesses allow employees to work from home, many scammers try to take advantage of seniors, stay-at-home moms, students, injured or handicapped people, and those otherwise unemployed. They often require an upfront investment in office supplies and other materials and then fail to deliver the salaries promised. Legitimate businesses that offer work-at-home arrangements typically pay from \$8 to \$15 an hour. These jobs involve low risks and have low rewards.
- The employer asks you to receive packages at your home or business and mail them to someone else, usually out of the country. These packages contain merchandise bought with stolen credit cards. If you reship them you become part of a smuggling operation and can be arrested and charged with mail fraud, etc.
- The employer or a placement agency asks for upfront money. Scammers will say upfront money is needed for background checks or training for jobs that don't exist.
- The salary and benefits offered seem too good to be true. Phony employers will promise high salaries and good benefits for little work with no experience necessary.
- Employer e-mails are full of grammatical and spelling errors. They usually come from scammers outside the U.S. where their first language isn't English.
- The employer requires you to get a credit report from a recommended website. This is an attempt to get personal financial information or sell you credit monitoring services.
- The employer asks for personal information before you get the job. This is an attempt to get your Social Security and bank account numbers.
- The employer sends you a check and asks you to wire a portion back. These checks are not good. If you cash them your bank will ask you to pay them back when the check does not clear the bank is written on.

- The employer wants you to travel to Mexico or someplace else outside the U.S. for an interview, tour, or something else.

Before dealing with any company that offers you a job, especially by e-mail, do some research on the company. First find out where it is located. Don't have anything to do with a company that has a Post Office box for an address. Then do a search of the records in the state in which it is incorporated or registered to verify any information provided. And check it out with the BBB at **www.bbb.org**.

Land Investment Fraud

Here are some things to do to avoid being scammed in land investments.

- Never buy land unseen.
- Visit the records office in the city or county where the land is located and check the history of the land. This information is available to the public.
- Make sure the company or person selling the land is licensed and their venture is registered with state security regulators. For ventures in California you can check licenses on the California Department of Real Estate's website at **www.dre.ca.gov/Licensees**. You can also check the company or person with the local Better Business Bureau.
- Don't take the word of salespeople regarding projected population growth where the land is located. Check documents published by government agencies that do this, e.g., the San Diego Association of Governments (SANDAG).
- Ask about the downside of any investment.
- Never make verbal agreements.
- Never sign blank pages where information can be added later.
- Get a real estate attorney to review any paperwork.
- And as in other investments: never make agreements under pressure, walk away from any deal that must be made immediately, be wary of promises of guaranteed rates of return, be wary of anyone contacting you to invest, and use your common sense, if the deal sounds too good to be true it probably is.

Suspected scams should be reported to the San Diego County District Attorney's Real Estate Fraud Program. Call its complaint line at **(619) 531-3552** to request a complaint form. Write or type a summary of your complaint and attach it to the complaint form. Your complaint cannot be reviewed without a complete concise statement of the facts. At a minimum, the following information should be included in your statement:

- What happened chronologically in detail. Be specific. Tag as exhibits any supporting documents and refer to those exhibits in your narrative. Documentary evidence is especially important. Include photocopies of all documents and materials (contracts, agreements, certificates, notes, deeds, correspondences, front and back of involved checks, escrow and/or loan documents, etc.) you wish to be reviewed. Retain the originals for your records.
- Who you think the person(s) or company that is responsible for the loss, conversion(s), or fraudulent act. State why you conclude that.
- Where (address, city, and state) the incident, conversions, or act(s) took place. Include property address(es) involved in the fraudulent transaction(s).
- When and how you first became aware that you may have been defrauded. If individual(s) or a company is named in your complaint, please list exact dates of contact. If someone else made you aware of the potential crime, please include the person's name(s), address(es), and telephone number(s).
- How you know the representations were false, or how you know money was misused.
- What your actual financial loss is, if known.

Landlord Impersonation

In this scam, which has become more frequent as the number of vacant and foreclosed homes increases, a person pretending to be the property owner rents a home to a prospective tenant and asks for first- and last-month's rent and a security deposit in cash. The rents are typically much lower than those of similar homes in the neighborhood.

All this money will be lost and the “tenants” can be evicted when the real property owner shows up. Before renting, prospective tenants should call the San Diego County Assessor’s Office to make sure the person renting the property is the real owner. You can call its public information number, **(619) 236-3771**, on weekdays from 8 a.m. to 4 p.m. to get the property owner’s name.

The Federal Home Loan Mortgage Corporation, known as Freddie Mac, which owns foreclosed homes, suggests that prospective renters do the following to avoid being scammed.

- Check to make sure the home is not already listed for sale. You can Google the address and drive by to see if there are signs posted. You can also check Freddie Mac’s foreclosure sales listings at **www.homesteps.com**.
- If you discover the home is already listed for sale, notify the listing agent of the attempted scam. And report it to the San Diego County District Attorney’s Real Estate Fraud Program. Call its complaint line at **(619) 531-3552** to request a complaint form. Write or type a summary of your complaint and attach it to the complaint form. Your complaint cannot be reviewed without a complete concise statement of the facts.
- Never submit an online lease application until you have verified that the rental is legitimate. Otherwise you risk losing personal financial information.

Mail Fraud

Mail fraud is a scheme that uses the mail to get money or something of value from you by offering a product, service, or investment opportunity that does not live up to its claims. It is often an element in many of the scams covered in this section, including those that deal with charities, credit repair, fraudulent checks, investment opportunities, job offers, insurance sales, prize notification and lotteries, and unscrupulous contractors. Some others that are addressed by the U.S. Postal Inspection Service (USPIS) in its *Guide to Preventing Mail Fraud* dated June 2010 are summarized below.

- You get a letter saying you have won a free vacation and just need to call to make reservations. When you call you will find that the dates you prefer aren’t available and you need to pay a service charge or purchase a membership in a travel club to make reservations on other dates. If you do that you’ll lose your money, and if you pay by credit card you’ll also lose your identity.
- You get a letter in an envelope that appears in all respects to come from a government agency. The letter inside requests a donation to a political cause. This is legal if the letter comes from an organization with a legitimate government connection. If the organization does not have that connection, it is legal only if the envelope and letter have a statement that disclaims a connection, approval, or endorsement of a government agency, or if the material in the envelope is contained in a publication you purchased or requested. Otherwise, this is a fraud.
- You get an invoice stating that you owe money for some goods or services that you received. Don’t pay unless you verify that you actually ordered and received them. Con artists mail solicitations disguised as invoices knowing that some unsuspecting people will not remember what they ordered and received and pay the amount “owed.”
- You get a chain letter guaranteeing you’ll receive a lot of money from one small investment. For example, it might say that all you have to do is send \$10 to everyone on the list, put your name on the bottom of the list, and mail the list to 10 friends. Don’t waste your money. Chain letters don’t work. And if you mail them you could be committing a federal crime. The same law that prohibits lotteries also applies to chain letters.
- Beware of offers of miracle drugs and cures for arthritis, obesity, baldness, sexual dysfunction, and other common problems. The various gadgets and gimmicks advertised are not tested for effectiveness by competent medical authorities and may actually be dangerous to use. Protect your health and pocketbook. Consult your family doctor before buying any advertised medicines.
- You receive letter saying that you have been named as an heir in an estate that is currently being settled, and all you have to do is mail a small fee to find out what your share is. This is a scam. An executor will not request a fee for telling you about an inheritance.
- Beware of mail solicitations that offer to obtain government and other services for you for a fee. Many of these services are available free of charge. They include tax refunds, property tax exemptions, child support collection assistance, loan modification, immigration forms and information, etc. Contact the federal, state, and local agencies that provide these services for information and assistance is obtaining forms and information at no cost.

- Many distributorships and franchises are legitimate and can be profitable for people willing to invest a substantial amount of money. However, some promoters advertise fraudulent opportunities and keep the their investors' money. Beware of promoters who promise unrealistic profits, seem more interested in taking your money than the services being offered, and are reluctant to let you contact current franchisees.
- You get some merchandise in the mail that you did not order. The sender may try to get you to pay for it. By law, unsolicited merchandise is yours to keep. You don't have to pay for it even if the sender follows up with a phone call or visit. If you haven't opened the package and don't want it you can mark it RETURN TO SENDER. The U.S. Postal Service will send it back at no charge to you. If you open the package and decide you don't want what's in it, just throw the contents away.

If you believe you've been victimized by or suspect mail fraud, contact the USPIIS by calling **(877) 876-2455** or reporting it online at **www.postalinspectors.uspis.gov**.

Medicare Enrollment Fraud

Seniors should be on the lookout for Medicare scams especially during the open enrollment period that runs from November 15 to December 31 each year. The scammers will try to obtain your personal information or sell you a plan that's not the best fit your needs. You can protect yourself by doing the following:

- Don't give out personal information to anyone claiming to be from Medicare. It already has that information. However, it is all right to provide Medicare information if you have initiated a call to Medicare for assistance, or to Medicare-plan provider when you choose to enroll in a plan.
- Be wary of brokers who try to pressure you into enrolling in a specific plan. Medicare-plan providers aren't allowed to make cold calls or come to your door unless they are invited. And don't believe claims that a plan is "Medicare Endorsed" or that you will lose benefits unless you enroll in a specific plan.
- Research and verify plans with Medicare by calling **(800) 633-4223** or going to **www.medicare.gov**.

Medicare and Medi-Cal Services Fraud

It is estimated that Medicare fraud costs the government \$60 to \$90 billion per year in false or questionable claims. You can help stop this fraud by reporting suspicious activities to the Inspector General of the U. S. Department of Health & Human Services by calling **(800) 447-8477** or sending an e-mail to **hhstips@oig.hhs.gov**. If the activity turns out to be a fraud you may be eligible for a reward of up to \$1,000. For more information on stopping Medicare fraud go to **www.stopmedicarefraud.gov**. If you suspect Medi-Cal fraud, call the California Department of Health Care Services Medi-Cal Fraud Hotline at **(800) 822-6222**.

To spot a fraud you should be suspicious of doctors, health care providers, or suppliers that tell you the following:

- The equipment, e.g., a motorized scooter or power wheelchair, or service is free; it won't cost you anything. All you need to do is provide your medial history and Medicare number for their records.
- Medicare wants you to have the item or service.
- They know how to get Medicare to pay for the item or service.

You should also be suspicious of doctors or plans that do the following:

- Don't charge copayments without checking on your ability to pay.
- Advertise "free" consultations to people with Medicare.
- Claim they represent Medicare or a branch of the Federal government.
- Use pressure or scare tactics to sell you high-priced medical services or diagnostic tests.
- Bill Medicare for services you didn't get.
- Use telephone calls and door-to-door selling as marketing tools.
- Offer non-medical transportation or housekeeping as Medicare-approved services.
- Put the wrong diagnosis on the claim so that Medicare will pay.

- Bill home health services for patients who aren't confined to their home, or for Medicare patients who still drive a car.
- Bill Medicare for medical equipment for people in nursing homes.
- Ask you to contact your doctor and ask for a service or supplies that you don't need.
- Bill Medicare for a power wheelchair or scooter when you don't meet Medicare's qualifications.
- Offer you a kickback or some other type of bribe to bring your medical needs to a specific clinic or provider. This is illegal.
- Offer you a discount on your deductible or regularly waive payments that you do not have a financial need for.
- Tell you that the more tests you take, the cheaper they become in the future.
- Bill Medicare for tests you receive as a hospital inpatient or within 72 hours of admission or discharge.

And watch out for these common fraud schemes:

- People who approach you in parking lots, shopping centers, or other public areas and offer free services, groceries, transportation, or other items in exchange for your Medicare number. Just walk away.
- People who call you claiming to be conducting a health survey and ask for your Medicare number. Just hang up.
- Telephone marketers who pretend to be from Medicare or Social Security and ask for payment over the phone or Internet. Just hang up.
- Nursing facilities that bill social activities as psychotherapy, provide therapies to patients who cannot benefit from them, and provide all patients with the same medical equipment.
- People who call or come to your door and try to sell you health care items or services or offer free services. Some may say they represent Medicare. Medicare doesn't call or visit to sell or give you anything.
- People offering you money to disenroll from your Medicare plan and enroll in another plan.
- People offering you money to use a doctor you don't know to get health services you may not need.

There is a wide variety of other healthcare scams. Without going into detail about each one, here are some ways to protect your healthcare benefits.

- Keep a record of your doctor visits, tests, and procedures so you can check to see if Medicare is being charged for something that didn't occur.
- Check your medical bills and explanations of Medicare benefits for mistakes. Look for charges for services or products you didn't receive, billing twice for the same thing, or bills for services not ordered by your doctors. Your Medicare account records are available online at **www.MyMedicare.gov**.
- Contact your provider or plan first if you see any errors. There may have been a simple mistake.
- Check your credit reports for any unpaid bills for health services or products that you didn't receive.
- Challenge any collection notices for health services or products you didn't receive.
- Contact your health care provider about any unusual or questionable charges. They may just be mistakes. Report them to Medicare at **(800) 633-4227** if your complaint is not resolved to your satisfaction.
- Read your Medicare benefits statement carefully. If there is any health service or product listed that you did not receive or have prescribed for you, call the Inspector General of the U. S. Department of Health & Human Services at **(800) 447-8477**. Unscrupulous clinics, physician, and durable medical equipment providers may be billing you for goods or services you never received. This affects your ability to obtain those items when you really need them.
- Never allow people to fill in information on a form after you've signed it. They may be adding things you did not receive or falsify other information in order to receive more money than they are due.
- Treat your Medicare, Medi-Cal, and SSNs like credit card numbers. Scammers will try to steal your number so they can file claims under your name. Never give them to a stranger or anyone who says they are from the government. And don't carry cards unless you will need them that day.
- Never let anyone borrow or pay to use your Medicare card. It's illegal and not worth it.
- Be aware that anyone who works in a clinic can commit Medicare fraud.
- Be suspicious of anyone who solicits you at a clinic or medical facility that you receive services from. They may be trying to get your personal information in order to file fraudulent claims in your name.

- Don't accept offers of money or free food or gifts for medical care. Watch out for incentives like "it's free" or "we know how to bill Medicare."

Phantom Loans

Here callers say they are from a debt collection agency, law firm, bank, or a government agency, and say that you owe money on a loan and need to pay immediately. Somehow they may have obtained some of your personal information like your SSN, address, employer, etc. and to make the call sound legitimate. They may also try to intimidate you by using abusive language, threatening lawsuits or jail time, or saying they will contact your employer. Some people who don't owe on a loan will pay hoping that the harassment will stop. That's a mistake because it won't. A better response is to ask for the caller's name and organization's name, address, and phone number. Also request a detailed written notice of the "debt." If the call is legitimate, this notice will be sent along with a statement of your rights under the Fair Debt Collection Practices Act (FDCPA). If the caller refuses to send a notice, hang up. The call was a fraud. And never provide any personal information because that can lead to identity theft. If you are being harassed by a debt collection agency, write to the company to demand that they stop calling you. It will then be against the law for the company to contact you about this debt except to notify you that they won't contact you or that they will be pursuing legal options. If you believe you were the victim of or the intended victim of this scam, determine your rights are under the California FDCP, California Civil Code Secs. 1788 *et seq.*, and report the calls to the SDPD on its **(619) 531-2000** or **(858) 484-3154** non-emergency lines.

Post-Foreclosure Solicitations

Tenants in foreclosed homes and former homeowners who remain in them may be solicited by persons or companies promising to help them stay in the home and avoid eviction. The dangers are that the solicitor is not licensed, doesn't know the law, is behaving unethically, or takes an advance fee and fails to provide any services. Solicitations by attorneys cannot be threatening, raise false hopes or guarantee the result of the representation, or be made in person or by phone. And if by mail, they must bear the word "Advertisement." Real estate agents must act fairly and honestly with respect to the transaction. Misrepresentations, harassment, failure to disclose material information or advise the person in the home of his or her rights with respect to eviction as a result of foreclosure, or negligence could possibly lead to disciplinary action.

Any advice you get should be based on the notice requirements of the California Code of Civil Procedure Secs. 1161a, 1161b, and 1161c, the Tenants' Right to Know Regulations of the San Diego Municipal Code Secs. 98.0701 *et seq.*, and the Federal Protecting Tenants at Foreclosure Act of 2009, which is part of the Helping Families Save Their Homes Act of 2009 (Public Law 111-22, approved May 20, 2009). This act requires that tenants living in foreclosed residential properties be given notice to vacate at least 90 days in advance of the date the purchaser wants the property vacated. Except where the purchaser will occupy the property as his or her primary residence, the term of any bona fide lease remains in effect. These protections also apply to tenants in Section 8 housing. Those tenants in San Diego with any questions about solicitations should call their assigned Housing Assistant.

Because law dealing with post-foreclosure eviction is very complex, you should talk to an attorney as soon as possible to protect your rights if you receive an eviction notice. Responses must be made within five days of receiving court papers. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups on the California Legal Services website at **www.lawhelpcalifornia.org**, the California Courts Online Self-Help Center at **www.courtinfo.ca.gov/selfhelp**, or by contacting your local court or county bar association.

Solicitations are legal as long as the solicitor is licensed. You can check real estate licenses on the California Department of Real Estate's website at **www.dre.ca.gov/gen_lic_info.html**. Click on button entitled California Real Estate & Financial Services License Information to get a page entitled Multiple Department License Lookup. You will then be able to search for licenses issued to persons and companies by the Department of Real Estate, the Office of Real Estate Appraisers, the Department of Corporations, and the Department of Financial Institutions, which regulate most of the real estate and financial services in California. You should also check that a company is licensed to work in the City of San Diego, i.e., that it has a Business Tax Certificate. You can check this in the business listings on the City's website at **www.sandiego.gov/treasurer/taxesfees/btax/nblactive.shtml**. For legal services you need a licensed attorney. Real estate agents or companies cannot offer legal advice. You can check

whether a person is a licensed attorney and see his or her membership record on the California Bar's website at **www.calbar.gov**. After checking licenses you should go to the BBB website at **www.sandiego.bbb.org** to see the company's record with it.

After all this checking you should ask whether the advance fee covers just advice, i.e., a consultation, or advice and services. And if the latter, ask whether the solicitor is licensed to provide them and what services will be provided. Also ask what additional services might be involved and what they would cost.

Predatory Insurance Sales Practices

These practices involve insurance agents holding informational meetings or seminars about finances, living trusts as a way to avoid probate, or insurance investments that guarantee you will not outlive your retirement savings. These sessions are often held in senior centers, religious institutions, and restaurants. Attendees are required to sign in and give the agent their names, addresses, and phone numbers. Sometime after the session the agent, who may claim to be a "specialist" or "advisor," will contact the attendees to set up a meeting in their homes. It is in these one-on-one meetings that attendees can get pressured into buying an insurance product that is completely inappropriate for their needs. If you attend one of these information sessions you should not give any personal information to the agent. And you should talk to a trusted advisor before making any changes in your investments and insurance. Beware of limited-time offers and other tactics used to force you into a quick decision.

Although the vast majority of life insurance agents are honest, there are some who take advantage of persons whose trust they have gained, especially seniors, and take money from them to buy unnecessary insurance or annuities with promises of high returns. In some cases these financial predators convert the money to their own use.

To prevent this fraud you should first check the agent's license. It is required to be printed on all business cards, quotes, and advertisements. You can check it on the California Department of Insurance (CDI) website at **www.insurance.ca.gov**. Look under Agents & Brokers for the page entitled Checking License Status. You can check by name or license number. You should also check out the insurance company. In the CDI website look under Seniors on the page entitled Before You Buy Insurance and click on Check out the Insurance Company to verify that it is authorized to conduct business in California. You can also get this information by calling the CDI at **(800) 927-4357** between 8 a.m. and 5 p.m. Monday through Friday.

Then for the sale of a life insurance or annuity policy in your home, you must receive a written notice from the agent at least 24 hours before the meeting. The notice must include the reason for the meeting, and the names, license numbers, and phone numbers of all persons coming to your home. It must also state that: (1) others are invited to attend, e.g., family and friends, (2) you have the right to end the meeting at any time, (3) you have the right to contact the CDI for more information or to lodge a complaint, and (4) prior to purchase of a life or annuity policy you are entitled to a full disclosure of all surrender charges and related time frames in connection with the purchase. You must also be provided with all information relating to benefits and negative consequences regarding the replacement of an existing policy or annuity.

If you purchase a policy or annuity, you then have 30 days to review it, and if you return it by the 30th day after you receive it, you are entitled to a full refund of your premium in a timely manner. If you believe you've been the target of insurance fraud, call the CDI consumer hotline at **(800) 927-4357** between 8 a.m. and 5 p.m. Monday through Friday.

Insurance agents also prey on military personnel before they deploy overseas. They take advantage of the emotional situation of leaving families at home and try to sell extremely overpriced or misrepresented life insurance policies. Military personnel desiring additional coverage should buy Service members Group Life Insurance (SGLI), which is a legitimate source for low premium policies. Service members have no need to buy private insurance.

Prize Notification and Lotteries

In this scam a person is notified by phone, e-mail, letter, or fax that he or she has won a prize and told to send the contest or lottery sponsor a signed release form and money to cover various expenses before the prize can be

awarded. You lose not only the money but may provide the scammer with information for use in stealing your identity and committing various other financial crimes. Never respond to such a notice. Real prize winners don't have to pay a fee or taxes up front. If the notice came by mail, report the scam to U.S. Postal Inspection Service at **(877) 876-2455**.

In the case of lotteries, it is a federal crime to participate in a foreign lottery by mail, i.e., to send solicitations or payments for tickets. Most all foreign lottery solicitations sent by mail to U.S. addresses come from scam artists. Discard any you might receive. And don't provide any personal information. You can't win no matter what they say.

Property Tax Relief

Some companies have been offering to help homeowners reduce their property taxes for an up-front fee and not performing any reassessment or reassessment-appeal services. Their mailers featured official-looking logos and warned homeowners that their files would be ineligible for tax reassessments if they did not respond by a certain date. Homeowners should be wary of such solicitations and consider filing for property tax relief themselves. There is no cost for this. The procedure is explained on the website of the County Assessor/Recorder/County Clerk at **<http://arcc.co.san-diego.ca.us>**. Click on Reassessment/Ownership under Assessor Services, then on Proposition 13, and then on Application for Review of Assessment in the answer to the question: Can the assessed value of my property be decreased? You will get a page entitled "Property Tax Relief" and an Application for Review of Assessment. For additional information you can call the County Tax Assessor at **(858) 505-6262**.

Reverse Mortgages

Abuses and abusers from the subprime mortgage market are now appearing in the home equity conversion (reverse) mortgage market, putting the equity and savings of millions of seniors at risk. That's the main finding of a report issued by the National Consumer Law Center (NCLC) in October 2009. This report can be read on the NCLC website at **www.nclc.org** by looking under Issues, then Foreclosures and Mortgage Issues, and then Predatory Mortgage Lending. Click on the report entitled *Subprime Revisited: How the Rise of the Reverse Mortgage Lending Industry Puts Older Homeowners at Risk*. In many of these reported scams seniors are offered investment opportunities, foreclosure rescue, refinancing assistance, or free homes. They are recruited through local churches, investment seminars, direct mailings, and radio, TV, and other advertising. Seniors should do the following to avoid becoming a victim of these scams:

- Do not respond to unsolicited ads for reverse mortgages or proposals for investing the proceeds from these mortgages.
- Make sure that any private professional fiduciary who handles your assets has a valid license from the California Department of Consumer Affairs Professional Fiduciaries Bureau.
- Make sure your lender follows all the requirements of California Assembly Bill 329, the Reverse Mortgage Elder Protection Act of 2009. Except as specified, this Bill prohibits lenders from associating with any party that is associated with any other financial or insurance activity, and from referring the borrower to anyone for the purchase of an annuity or other financial or insurance product prior to the closing of the mortgage or the expiration of the right of the borrower to rescind the mortgage agreement. It also requires the lender to provide the borrower with a list of at least 10 counseling agencies in California approved by HUD, and a checklist of issues the borrower should discuss with a counselor. One issue is whether the prospective borrower's financial needs would be better met by other options like a less costly home equity line of credit. The checklist must be signed by the counselor and provided to the lender before the loan is approved. The lender is also required to inform the borrower that senior advocacy groups advise against using the proceeds of the mortgage to purchase an annuity or related financial products without discussing the financial implications with your counselor and family. These advocates have long cautioned that reverse mortgages should be a last resort because of their higher fees.
- Do not sign anything that you do not fully understand.

Short Sales of Homes

A short sale is an alternative to a foreclosure, which is a more time-consuming and costly process for the lender and the homeowner. In it the lender allows the homeowner to sell the property for less than what is owed on the existing mortgage and agrees to forgive some or all of the debt. The scam occurs when the agent or short-sale negotiator, who was hired by the homeowner, receives several bids but submits only the lowest. Unaware of higher bids, the homeowner and the lender accept that bid. This has the following effects. The lender loses the difference between the lowest and highest bid. The homeowner will have a greater tax liability if the debt cancellation, i.e., the difference between the debt and the sales price, is not covered by the Mortgage Forgiveness Debt Relief Act of 2007. And the crooked agent or short-sale negotiator, who is also working with the lowest bidder, sells the property to the highest bidder and makes a sale profit in addition to his commission.

Because of the possibilities of fraud, tax liabilities, and suits by the lenders to recover the forgiven debt, before you decide to sell through a short sale you should get: (1) a licensed and qualified real estate agent to represent you, (2) the advice of an accountant, and (3) the advice of an attorney. And then you need to look out for the following:

- Any short-sale negotiator must be a licensed real estate broker or a licensed real estate salesperson working under the supervision of a broker.
- Real estate licensees wishing to collect an advance fee must first submit an advance fee contract to the California Department of Real Estate and receive a no-objection letter for that contract. Then any advance fees paid must be placed in a trust account and handled as client trust funds.
- All payments must be fully disclosed and made a part of the escrow documents. Any fees paid outside of escrow are illegal.
- The buyer is a fictitious person or entity, or the buyer is purchasing the property under a power-of-attorney or limited liability company. This may indicate fraud.
- An unlicensed negotiator is handling the sale. This is illegal.

Tax Debt Relief

Beware of attorneys, accountants, and others who offer to make your IRS tax debt vanish for an upfront fee. Most of the time it's your money that will vanish while IRS interest and penalties continue to grow. If you owe back taxes or have a tax debt you cannot pay, contact the IRS as soon as possible. There are several programs for taxpayers who cannot afford to pay their debts. These include the following:

- Offer in Compromise, wherein taxpayers make an offer to pay less than the amount owed.
- Installment Agreement, wherein taxpayers pay in monthly installments.
- Currently Not Collectible, wherein the tax debt is postponed until the taxpayer's financial situation improves.

Applying for these programs is free. More information is available online at **www.irs.gov**. You can also get help from the Taxpayer Advocate Service (TAS), an independent office within the IRS. It offers free, independent, and confidential assistance to taxpayers who are unable to resolve their tax problems through normal channels or are experiencing financial hardships. The nearest TAS office is in Laguna Niguel. You can call **(949) 389-4804** for an appointment.

Third-Party Telephone Bill Charges

This telemarketing scam involves the sale of some kind of service. The caller gets you to say "yes" to some question and then mails you information about the service. The mailing looks like junk mail and the caller hopes you will throw it away without reading it because it says that you have some period of time to cancel the service. When you fail to reply, a monthly service fee is added to your phone bill. If you dispute the fee the caller will produce an edited version of the phone conversation in which you agreed to receive information about the service and pay the monthly fees. To avoid these problems you should do the following:

- Hang up immediately on any unsolicited callers. Don't get involved in a conversation. And never say "yes" to any question.

- Open all mail, even if it looks like junk mail. There might be something you need to do to prevent being billed for some service you didn't request or don't need.
- Examine your phone bill for third-party charges. Don't pay any that you did not authorize and report them immediately to the phone company.

Timeshare Transactions

You need to be careful when you buy or sell a TimeShare (T/S). Scams exist in both of these transactions. Beware in buying a T/S if you are told any of the following:

- Your T/S is an investment that will increase in value.
- You can rent your T/S to make money.
- Your maintenance fees will not go up, but if they do, it will only be by a small amount.
- This special sales offer is only good today.
- The sales presentation will only last 90 minutes
- The company will buy your previous T/S for a great profit to you.
- You can go anywhere in the world whenever you want.
- You have a legal right to rescind or cancel the contract whenever you chose.

If you sign a contract to buy a T/S and later have regrets, beware of "attorneys" who offer to get you out of your contract. They will want an upfront fee and will probably do no more than send a letter to the T/S seller demanding that the contract be cancelled.

Most scams occur when you try to sell a T/S. These usually involve some sort of an upfront fee paid to a company who says it will help you sell your T/S. It may say it has a buyer already, it just sold one like yours and knows its market value, or it guarantees to sell yours. Then it asks you will pay an upfront fee for its work. It will also say your fee is refundable if your T/S doesn't sell. Once the fee is paid, the company disappears. You should never pay an upfront fee. And if you want to recover your upfront fee, beware of "attorneys" who offer to help for another upfront fee.

In a variant of this scam the company offers to take your T/S off your hands for an upfront fee so you won't have to continue paying its maintenance fees. All it does is change the address where the maintenance bills are sent so you think there was a transfer of ownership. You are still responsible for those fees.

Another scam involves a company that says your T/S's worthless but offers to buy it for a small amount. The company also says that you will no longer have to make payments on the T/S, and that your loss is tax deductible. Then the company offers to sell you a worthless travel club membership for more than it's paying for your T/S. If you agree to buy it you end up paying the difference, giving up your T/S, which the company can sell for an additional profit, and not getting the promised tax benefit.

Then there's the scam in which a buyer gives you a cashier's check for more than the sales price and asks you to deposit it in your bank and wire back the difference. When the check is found to be counterfeit it will be returned to your bank and the full amount deducted from your account. You can avoid this problem by not cashing the check in the first place, but if you do you should wait until it clears before withdrawing any of it. See the section above on fraudulent check for more about this kind of scam.

If you are considering reselling a T/S, you should:

- Beware of any unsolicited communications.
- Beware of any company that asks for upfront fees.
- Make sure the person offering to list and resell your T/S is a licensed real estate broker or a licensed sales person working for a licensed broker. You can check license numbers and disciplinary actions on the California Department of Real Estate website at www.dre.ca.gov.
- Ask for a list of past T/S customers who I can contact as references.
- Ask what the company will do to market your T/S.

- Read the fine print in any sales contract or rental agreement. Get a copy of it.
- Check with the BBB to ensure that the company is reputable.

For more information on T/S resales go to the Timeshare Resales page on the American Resort Development Association – Resort Owners Coalition’s website at **www.arda-roc.org/roc/resource-library**.

Unclaimed Funds

This scam commonly starts with an e-mail telling you about all the unclaimed money in the country and offering to do a free search for you for only a share of the money found for you if you call immediately on an **809**-area code number, which is in the Bahamas. What you’re not told is that **809** calls are very expensive and that the scammers get a share of the cost from the foreign telephone company, the search will be cursory and you will be asked to provide personal information and pay a fee for a more complete search, and that you can easily do the search yourself on the Internet. Never dial an **809** number or give out personal information. You can do a national search by state on the National Unclaimed Property website at **www.unclaimed.org**, or a California unclaimed property search at **<http://scoweb.sco.ca.gov/UCP>**.

Unlicensed Payday Lenders

Payday loans are high-interest, short-term loans designed to provide advances on paychecks. Many payday lenders are now operating online and not registering with the California Department of Corporations. Lenders who do register must comply with California laws, including truth-in-lending statutes. Unlicensed lenders may not even be in California. Furthermore, you may not be able to contact them if you run into trouble, you have no recourse if you are ripped off, and your private financial information may not be protected against identity theft. Before doing business with an online payday lender, make sure the lender is licensed with the California Department of Corporations. You can verify the license online at **www.corp.ca.gov/FSD/Licensees** or by calling **(866) 275-2677**.

Unscrupulous Contractor Scams

These are characterized by the following:

- Door-to-door solicitations to do work at a reduced price. Once payment is made little or no work is done and the project is abandoned.
- Deceptive or illegal ads on online bulletin boards like Craigslist.
- Pressure for an immediate decision leaving no time to get competitive bids, check licenses, or contact references.
- Offer to perform a free inspection in which non-existent problems are found.
- Demand for immediate payment in cash. Unscrupulous contractors will take the money and run.
- Illegally large down payments. By law a down payment cannot exceed the lesser of 10 percent of the project price for labor and materials or \$1,000. See California Business and Professions Code Sec. 7159.5(a)(3). (There is an exception to the down payment law for about two dozen contractors who purchase blanket performance and payment bonds to protect consumers. These contractors may solicit larger down payments than those who have a basic \$12,500 bond, which is required of all licensees.)
- Verbal agreements instead of a written contract.

Any suspicious solicitations should be reported to the SDPD at **(619) 531-2000** or **(858) 484-3154** with a description of the person and his or her vehicle license plate number. You can avoid scams in hiring a contractor by doing the following:

- Beware of persons going door-to-door in your neighborhood, having an “office” in his or her vehicle, driving a vehicle with out-of-state license plates, using a toll-free phone number, and having no street address for his or her business.
- Deal with and hire only licensed contractors. Anyone performing home improvement work valued at \$500 or more in combined labor and material costs must be licensed by the Contractors State License Board (CSLB). Get the contractor’s license number and verify its status online at **www.cslb.ca.gov** or by calling **(800) 321-**

2752. You will also be able to verify its classification and the licensee's certifications, bonding, and workers' compensation insurance.

- The contractor should also be licensed to work in the City of San Diego, i.e., that it has a Business Tax Certificate. You can check this in the business listings on the City's website at **www.sandiego.gov/treasurer/taxesfees/btax/nblactive.shtml**.
- Never hire a contractor online without first checking his or her license with the CSLB.
- Ask to see a photo ID to verify who you are dealing with.
- Get an estimate in writing and make sure you completely understand its terms. It should include a detailed description of the work to be done, materials to be used, total cost and payment schedule, and start and completion dates.
- Get at least three bids and references from each contractor, and check the contractor's references. If possible, go see the contractor's work.
- Confirm that the contractor has a Workers' Compensation policy for its employees.
- Make sure that the contractor is insured. Insurance will protect you from damage caused by the contractor's employees. And consider requiring a surety bond that will guarantee that the work will be performed as stated in the contract.
- Get the contract in writing and don't sign anything until you completely understand its terms. The contract should include a detailed description of the work to be done, materials to be used, total cost and payment schedule, and start and completion dates.
- Check with other lenders before allowing the contractor to arrange the financing for the job.
- Take your time in making a decision.
- Make sure a contract, if signed in your home, contains a three-day right to cancel provision with an attached notice of cancellation form that explains this right. If the contract is for the repair or restoration of residential premises damaged by a disaster, i.e., any sudden or catastrophic event for a state of emergency has been declared by the President of the United States or the Governor, or for which a local emergency has been declared by the executive officer or governing body of any city, county, or city, and county, you have a seven-day right to cancel. These rights are defined in California Civil Code Sec. 1689.7.
- Don't pay cash and not more than the legal limit for a down payment. Beware of contractors who won't accept a check or who wants the check made out to him or her instead of the company.
- Don't let payments get ahead of the work.
- Don't make the final payment until you are satisfied with the work.
- Keep a file of all papers relating to the project, including payments.
- Go to the Guides and Pamphlets page of the CSLB website for more information about traveling contractor scams and safe contracting.

Also, any contractor who is hired to remodel a home built before 1978 must be licensed and certified for lead safety by the U.S. Environmental Protection Agency (EPA). The contractor is also required to provide you with an EPA brochure on the lead safety before starting work. That brochure is available online at **www.epa.gov/lead/pubs/renovaterightbrochure.pdf**. If you remodel your own home you should refer to that brochure for precautions to take to reduce exposure to lead and asbestos during the remodeling.

Another common contractor scam begins with a low-cost air duct inspection or cleaning. A dishonest contractor may then say your ducts are filthy and contaminated with black mold, which costs about \$500 to kill with ultraviolet light. Others may also suggest that you need a complete furnace or air duct cleaning which costs about \$400, and a replacement air filter that costs over \$100. The U.S. Environmental Protection Agency says that most air duct cleaning is unnecessary. Dust can collect on the air returns but they can be vacuumed easily. And filters can be replaced inexpensively. The whole job should cost less than \$75. Any service costing more than a few hundred dollars is probably a scam. Men who do this often arrive in an unmarked vehicle, don't wear a company uniform, use high-pressure sales techniques to scare you, and leave without providing a receipt for work done.